Wednesday May 31 198

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World News China arrests may herald crackdown on dissent

No.30,856

Thousands of Peking residents gathered in Tiananmen Square last night to condemn the arrests earlier of three men who had formed an independent workers' union. The arrests could herald a broader crackdown against dissent. The men were held at a police station near the

Nuclear work stops Construction of West Germany's nuclear processing complex at Wackersdorf in Bavaria will stop today ahead of an official decision to abandon the project. Page 2

square, which was surrounded by protesters. Page 20

clients and

REDBY

Y WATER

IGNA

EC funds for cities **European Community funds** for inner city problem areas will be made available under an initiative announced by Bruce Millan, regional policy commissioner. Page 2

Hong Kong vote call Hong Kong's political leaders called for the chief executive, who will run the colony when it reverts to Chinese sovereignty in 1997, to be directly before 2003. Page 6

Police chief escapes A car bomb attack on General Miguel Maza Marquez, head of Colombia's state security police, killed two people. The general escaped with bruises.

10,000 homeless At least 10,000 people were made homeless after heavy rains washed away part of an embankment on the river Teesta in northern Bangladesh.

Boat people stalled Several hundred Vietnamese boat people were last night being accommodated in driving rain on a remote Hong Kong can find nowhere else to put new arrivals. Page 5

Reporter charged A television reporter who obtained a leaked copy of Canada's budget and four other men were charged with illegal possession of a stolen docu-ment.

Gulf reassured Lord Young, British Secretary of State for Trade and Industry, moved to reassure Gulf states about access for their exports to the European Com-munity after 1992. Page 5

Gorbachev visit Soviet leader Mikhail Gorbachev departed from the usual etiquette of state visits by accepting an invitation to address Ruhr steelworkers when he visits West Germany.

Poli results More than a million Italian voters in communal elections rewarded the Christian Demo-crats and the Socialists for

ment. Page 4 Miners accept 13.5% South Africa's 26,000 white miners agreed a wage increase slightly below the 14 per cent

their recent defeat of the coun-

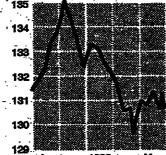
try's 48th post war govern-

Cuba plans liner Cuba completed arrangements for the construction of a \$250m, 1,200-room ocean liner. Cuba said it would be built and financed by Naval HB Mettal Band of West Germany.

Business Summary Hills mounts defence of 'unfair' US

trade policy THE US decision to name Japan, Brazil and India as unfair trading partners could be seen as a way of opening markets and expanding world trade, said Mrs Carla Hills, the US special trade representative yesterday. Page 20 UK GILTS: Sterling's nosedive on the foreign exchange mar-kets revived fears of 15 per cent base rates in the UK as yields on long dated gilts

Gilts FT~A All Stocks Index



nudged 10 per cent. The FT-Actuaries All Stock Index lost 0.36 to end the day at 130.7 compared with Friday's 131.18. Page 26

THE European Commission issued a formal objection under EC competition rules to the Fi 390m (\$110m) take-over by Douwe Egberts, food and household products group, of Van Nelle, company's main rival in the Benelux market for ground coffee. Page 21

COMMERZBANK, West German commercial bank, plans to extend its activities further into the financial services area by increasing its sales co-oper-ation with DBV + Partner Versicherungen, a nationally represented insurance company. Page 22

ORKEM, French state-owned chemicals company, is holding talks about a possible asset swap in the polyethylene sec-tor with Enimont, Italian

FIAT, Italian motor group, unveiled a record profits and announced plans to spend up to L1,000bn (\$689m) buying in its own shares. Page 22

QUANTUM Chemical, big US chemical group, joined forces with First Boston in an equally owned partnership (QFB) to buy Panhandle Bastern's pro-pane gas unit, Petrolane Part-ners, for \$1.18bn. Page 23

JAPAN Air Lines and All Nippon Airways, Japan's two largest airlines, reported large profit increases in the year as a result of booming demand on both domestic and international routes. Page 24

KL AL, Israel's state owned airline which has been in receivership since 1982; achieved \$18.8m in profits for 1988 despite a sharp fall in passenger numbers due to the Palestinian uprising. Page 23

PENNWALT Corporation, Philadelphia based chemicals group sold Wallace & Tiernan, water treatment division, to management teams in Britain US and Germany in a deal valued at \$75m. Page 28

BID battle over Gateway, Britain's third largest food retail group, intensified as the bidder, the newly formed Isosceles company, raised its terms and made its first market purchases. Page 20

JAPAN'S ball bearing industry was threatened with higher mitt-dumping duties on Ecu 72.6m (\$77m) worth of its exports to the European Community. Page 7

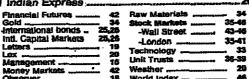
REED International, publishing and information group is to buy independent Television Publications, publishers of TV Times, the UK commercial tele vision listings magazine. Page

the commission and the elec-tronics industry. A trade clearing house for

European elections: Higher stakes sharpen campaign in UK. Trades Tremor at the heart of the US chip Management: Rapi consultants a boost nents Rapid change in Spain gives

Editorial comments Good sense from Nato; Capture of a regulator US and Japans Signs of strain in the Pacific

Lext Markets; Gateway; Reed; Sedgwick; Biotechnology ... Newspapers: Nothing stands in the way of the



Nato compromise opens way for fresh arms talks

By Robert Mauthner and David White in Brussels

EAST-WEST arms control talks received a fresh impetus yesterday, after Nato heads of government agreed to a compromise on the issue of short-range nuclear weapons.

The agreement required British and West Company to

Britain and West Germany to make concessions. It opens the way for further arms control negotiations with the Soviet Union – albeit under strict conditions - and is a boost to the western alliance after weeks of disagreement. It comes after US President George Bush proposed on Mon-

day to cut US forces in Europe by 20 per cent in return for drastic cuts in Soviet forces. That initiative was hailed by Mr Eduard Shevardnadze, the Soviet foreign minister, as a serious and important step in the right direction."

Yesterday's Nato compromise gives way partly to West German led demands for nego-tiations on short-range nuclear systems, which the US and Britain have always considered essential for Nato's defence. However, the agreement links such talks - which would be limited to US and Soviet land-

By Gary Mead in Buenos Aires

FIVE PEOPLE were killed

yesterday and more than 800

vesteriay and increman and arrested during food riots in Rosario, Argentina's third larg-est city, putting further pres-sure on the beleaguered admin-

istration of President Raul

The unrest was spreading

last night to the poor suburbs of the capital, Buenos Aires, despite the imposition of a

national state of emergency on Monday. Two bombs exploded in the Buenos Aires financial

The violence has given rise to Argentina's most serious

political crisis for 5% years,

heightening the political vac-uum felt since the Radical gov-

ernment lost the presidential

and parliamentary elections to the Peronists on May 14.

In Rosario, a city of 1m peo-

ple, which in common with the

centre, injuring two people.

based missiles - to concrete progress in conventional arms reductions being negotiated in

The summit's outcome was seen as a personal triumph for President Bush, who until recently faced criticism at home for taking a passive stance on foreign policy.
Under the compromise, implementation of negotiated conventional reductions would have to start before any nuclear talks could begin. Any actual cuts in Nato nuclear forces would also only be partial and would have to follow conventional reductions and unilateral cuts by Moscow in its more numerous short-range

Strong reservations by Mrs Margaret Thatcher, Britain's Prime Minister, were overcome through language which clearly committed Nato to maintaining nuclear forces in Europe – including missiles – for "the foreseeable future".

Although Nato governments

voiced satisfaction at the compromise agreement, some dif-ferences of interpretation emerged after the summit Continued on Page 20

were further clashes yesterday

were further classes yesterday
as police used tear gas and rubber bullets against locters trying to raid supermarkets.

The state of emergency – the second imposed by
President Raul Alfonsin since
taking office in December 1983

followed several days of locte

followed several days of looting in Rosario, and the announcement on Sunday of a

new emergency economic package described by the President as ushering in a "war econ-

Mr Juan Carlos Pugliese

who took over last week as

Interior Minister, said groups "of the extreme left" were responsible for "orchestrating"

the lootings and added that

both "ultra-left and ultra-right

groups have an interest in an attack against democracy."

Mr Luis Zamora of the left-

in Argentine food riots

The US and Britain stressed that a "third zero" eliminating European-based short-range weapons was ruled out. West German officials, however, emphasised that a decision on modernising short-range nuclear weapons had been put off and that the summit texts did not rule out total abolition of such weapons in the long

Mrs Thatcher said: "Wriggle as some people may, that (continued deployment of some missiles) is what they've signed up to." Mrs Thatcher, who led the most forceful campaign against any negotiations on short-range nuclear negotia-tions, described the summit as

"entirely satisfactory."
The compromise was reached after about eight hours of last-ditch haggling by for-eign ministers on Monday night – and the lifting yesterday of a formal British res tion. The agreement enabled Nato to complete its so-called Comprehensive Concept, which Summit, Page 3; Editorial com-

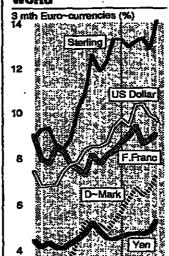
Five killed, 800 arrested

dusk-to-dawn curfew, there ment towards Socialism" (MAS), who was elected a national Congress deputy on May 14, described Mr Pugliese's remarks as "false accu-sations" and a "smokescreen" to obscure Government respon-

sibility for events in Rosario, "which are the result of its eco-nomic policy of hunger and price increases." fered after sterling's late fall with the FT-SE 100-Share Index Mr Zamora called for an 10.3 down at 2.13 The US currency was indifferent to the first rise in the

Japanese discount rate in nine years and a concerted round of central bank intervention. In Europe it ended 2 pfg and Y2 higher at DM2.0095 and Y143.4, respectively. In New York, the dollar closed at DM1.99325 and Japanese rate rise, Page 5; Lex, Page 20; London Stock Exchange, Page 35; Currencies, Page 42.

Short term interest rates around the



£ comes under new selling pressure

By Simon Holberton in London and Janet Bush in New York

STERLING fell sharply on foreign exchange markets yes-terday despite last week's rise in base rates to 14 per cent, while the US dollar showed signs of renewed strength. Sterling closed at its lowest level since last February on the Bank of England's trade-weighted sterling index, which ended 0.9 lower at at 925.

The pound came under renewed and broadly based selling pressure in late European trading - pressures similar to those which a week ago forced the UK Government to raise interest rates to 14 per cent. In London, the pound closed almost 3 pfg lower at DM3.1325 and 3 cents down at

After yesterday's steep fall in sterling some analysts were left wondering what was needed to maintain the pound's value internationally. The London equity market suf-

immediate general wage increase of 100 per cent to be index-linked on a weekly basis. Political uncertainty has magnified the problems facing Argentina. Mr Carlos Menem, the president-elect, is due to take office on December 10, but he has suggested that the date may be advanced to Septem-ber. His Peronist party is being called on by President Alfonsin Continued on Page 20

Gorbachev postpones Soviet polls

MR Mikhail Gorbachev, the Soviet president, yesterday announced the postponement of the next round of elections in the country, in a concession to head off a threatened mass revolt by officials of the ruling Communist Party.

In exchange, however, he promised a second session of the newly-elected Congress of People's Deputies in the autumn. The Congress is proving to be a traumatic exercise in trial by television for the Soviet leadership.

Mr Gorbachev also promised national referenda on the most important new laws in a massive legislative agenda of almost 50 items, intended to be the foundation of a "socialist law-based state."

At the same time, he called for greater "order and disci-pline" in the increasingly tur-bulent political debate across

the country.

Mr Gorbachev's retreat on the next democratic test for the ruling party was revealed to the Congress yesterday in his long-awaited report on the state of the nation, a two-hour expose of the raft of economic, social and political problems exposed by his perestroika

reform process.

He said the elections would have to be postponed from the autumn to next spring, because of the need to prepare a new - and more democratic election law, which would have to be approved at a second session of the Congress.

The prospect of facing a new round of voting in the autumn, after the resounding defeat of a string of leading party officials in the polls of the past two months, had already caused open revolt at the plenary meeting of the Communist Party central committee earlier

this month.

Mr Gorbachev was told that many party leaders in the provinces would flatly refuse to stand, because simply to be a party official was seen as a sure way of being defeated.

Progressives within the Progressives within the

party and outside were fore-casting a humiliating defeat for the full-time party secretaries who run the system.

The election concession was the most significant in a deliberately conciliatory speech by the Soviet leader, obviously conscious of the continuing conservative majority in the new Congress.

He dwelt at length on the profound economic and social problems which have become,

Mr Dzhumber Patiashvili, Mr Dzhumber Pattashvill, former Communist Party leader in Georgia, has accused Mr Viktor Chebrikov, former head of the KGB, and General Dmitri Yazov, Defence Minister, of being involved in Moscow's decision to use troops to break up a nationalist demonstration in Georgia ist demonstration in Georgia in April in which 20 people died. Page 28

if anything, more acute thanks to the upheaval caused by his reform process. But he pro-duced no radical new ideas to tackle the shortages of hous-ing, consumer goods, and food in the shops, other than exhortation to try harder.
The Soviet leader did not

back away from his commit-ment to continue the reforms, and repeated his determination to introduce new forms of property ownership - provided there was no "exploitation" and the development of a "socialist market."
In spite of widespread hostil-

ity to them, he urged that cooperatives - private enterprise in another guise - "must be made full use of."

He warned, however, against those who might think the market was a solution to all the economic ills of the country. We do not share such an approach, because this would immediately disrupt the entire social system," he said. He admitted to "very acute debates in our society." But he

said the party leadership — in the central committee — had analysed the situation: "The general conclusion is that the general conclusion is that the strategic ideas of the reforms, and the basic direction, are correct. But in practically ful-filling them, in all directions there are mistakes. There are zigzags, and wrong directions are taken.

He sought to reassure the increasingly restive non-Rus-sian republics that genuine devolution of political and eco nomic authority would be introduced, but he warned that the lack of discipline and order "is undermining democracy."

However, in a neat irony, in view of the majority of Com-munist Party conservatives still dominating the Congress, he praised them as the guarantors of perestrolka, "protecting it from sliding into conservative and reactionary elements. Gorbachev to meet Ruhr work-

Pacific Stock Exchange plans memory chip futures market

rest of the country is under a wing opposition group "Move-

By Louise Kehoe in San Francisco FUTURES traders in San become "a modern-day com-

Francisco aim to chip in to a new multi-billion dollar hi-tech market. Until now they have concentrated on commodity and financial products but the Pacific Stock Exchange has come up with plans to create a market to trade futures contracts on semiconductor mem-

ory chips.

The proposal, a sharp departure from the traditional commodities traded on futures markets, is believed to be the first formal move to establish a financial instrument based on electronics products.

The plan envisages establishing a market for futures contracts on dynamic random access memory (Dram) chips, the most widely used type of computer data storage devices.

The market would start in the first quarter of 1990.

World wide sales of Drams totalled \$6hn last year, of which more than 30 per cent were produced in Japan. An official of the Pacific Stock. Exchange said Drams had

modity" because they were an essential raw material in the electronics industry.

Dram prices have soared over the past two years as demand outstripped supply, but prices have begun to decline rapidly recently, leaving some US computer companies with hig stocks of chips that are falling in value. The futures market will create a "hedging tool" to enable

Dram buyers to protect themselves from price volatility. With a futures contract, the commodity buyer can lock into a price by arranging delivery at a specified future time.

The exchange plans to file an application with the Commodity Futures Trading Commis-sion within two weeks for permission to set up the market for chip futures. Dr Maurice Mann, chairman of the PSE, said the decision followed more than a year of discussion with the Dram futures has been set up by a group of semiconduc-tor, electronics and trading experts in San Francisco. This group, Memory Clearing Corporation, had come up with the idea of creating the market and worked with the PSE and electronics industry to develop contract specifications.

to underwrite last Sunday's

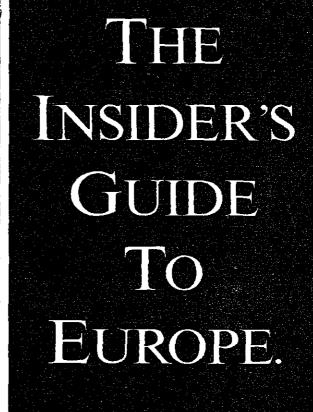
economic programme. Background, Page 8

Memory Clearing Corpora-tion will also establish a Drams, guaranteeing delivery within a few days.

Deborah Hargreaves in Chicago adds: The Chicago Board of Trade, the world's largest futures exchange, has seen some outlandish suggestions for futures contracts.

Mr. Tom Coleman, head of

product development, remembers a proposal to trade a futures contract based on advertising time - a chunk of advertising time — a chunk of advertising space in the even-ing news being deliverable against a contract. Another idea that never got off the ground was to trade futures on



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INNSBRUCK
ISTANBUL NEWCASTLE NICE NUREMBERG OSLO PALERMO PALMA DE MALLORCA PARIS CDG PARIS ORLY

PARIS ORLY
PISA
PORTO
PRAGUE
RAGUE
RAME
SANTIAGO
DE COMPOSTELLA
SEVILLE
SHAINNON
SOFIA
SOUTHAMPTON
STAVANGER
STOCKHOLM
STRASBOURG
STUTTGART
TELAVIV
TOULOUSE ISTANBUL IZMIR JERSEY THESSALONIK TURIN VALENCIA

MARKETS Frankfurt 1400

INTEREST RATES FF.6.7635 (6.7170)
SF.1.7345 (1.7315)
US hunchtime Federal Funds 9% 142.745 (141.15)
Federal Funds 9% London: (1912)
9-min Tressury Sills: FF.6.8076 (same)
yield: 8.76% (8.02)
core Rend: 10215 (44.40) Long Bond: 102 (102%) yield: 8,59% (8,61)

Apr 1989 May DM1.99325 (1.9835) yield: 8.78% (9.02) SFr1.7550 (1.736) Long Bond: 10215 Y143.40 (141.40) GOLD London 3-month interbank: close 14½% (1332)

Gomex Aug \$369.1 (388.7)

STERLING

New York close \$1,5720 (1,5900)

London: \$1.5585 (1.5890)

DM3.1325 (3.1600) FFr10.6100 (10.702 SFr2.7350 (2.7576) Y223.50 (224.75)

STOCK INDICES New York close Dow Jones Ind. Av. 2,475.55 (-18.22) S&P Comp 298.60 (-1.44) FT-SE 100 143.09 (Fri) Tokyo Nikkel Ave 34,076.89 (-83.94) Frankfurt

1,738.4 (+25.4) Brent 15-day (Argus) \$18.05 (+0.675) (June) New York tatest West Tex Crude . Comex Aug \$19.775 (+0.675) \$369.1 (368.7) (July)

Japan's strongmen subdue stirrings of political reform



Prime Minister Noboru Takeshita is to resign as a result of the Recruit scandal. But he is already leading moves within the rulino Liberal Democratic Party to minimise the impact

World Guide

Indian Express . Financial Futures Lex ...

Gorbachev to meet Ruhr workers

By David Goodhart in Bonn

MR Mikhail Gorbachev, the Soviet leader, has departed from the usual etiquette of state visits by accepting an invitation to address a mass gathering of Ruhr steelworkers when he visits West Germany in two weeks' time. The idea was dreamed up by

works council and union officials in Dortmund in 1987 to highlight their anxiety about job losses. Works councillors at Hoesch, Thyssen, Krupp and Mannesmann, the heavy industrial groups, wrote to the Soviet leader calling for more economic co-operation "to

extend and develop our common European house". Much to the surprise of Mr Werner Nass, the Hoesch works council chairman, he received a response from Mr Gorbachev through Mr Yuli Kvitshisky, the Soviet ambas-sador. The Soviet leader did

not miss the opportunity of scoring some political points.

"You are right," he wrote, "in emphasising that industry in the Ruhr, which is now fighting for breath in the framework of the European Economic Community, would have entirely different opportu-

nities and prospects in a context extending from the Atlan-tic to the Urals." Now, following an official invitation from the Hoesch company too, Mr Gorbachev has agreed to take a short detour during his three-day visit to talk to an expected

mill in Dortmund. Hoesch no doubt hopes that the cost of stopping production for one hour will be more than compensated by further improvement in its trade relations with the Soviet Union.

5,000 workers from the Ruhr in Hoesch's new cold steel rolling

Mr Detlev Rohwedder, the chief executive, visited Moscow last year with Chancellor Helmut Kohl's delegation of industrialists and again this year with Mr Hans-Jochen Vogel, the Social Democrat leader. Last year Hoesch sold DM 220m (£68.8m) of steel and cap-tial goods to the Soviet Union and bought DM 50m of metals. Mr Gorbachev will also meet

businessmen in Dusseldorf, Stuttgart and Cologne. Big trade agreements are not expected but it is possible that some large contracts could be

British businesses excluded from Soviet employee quota

By Quentin Peel in Moscow

SOVIET UNION announced yesterday a reprieve for British businesses and joint ventures in the Soviet Union, exempting them from the effect of a quota restriction on their Soviet

The only organisation now likely to be immediately hit by the quota — imposed in retaliation for a long-standing British quota on Soviet employees in London – is the British embassy. However, the ceiling of 205 on all accredited British

representatives in Moscow, including businessmen, journalists, diplomats, and the Soviet staff of the British embassy, is still likely to cause problems for any new organisation wishing to

EC money for

problem areas

EUROPEAN COMMUNITY

funds for inner city problem areas will be made available

under an initiative announced yesterday by Mr Bruce Millan,

regional policy commissioner.

Some cities were disappointed that the strict qualifying criteria on unemployment records and industrial decline made them ineligible earlier

this year for money from the

restructured Regional Develop-ment Fund. Parts of Madrid

and a small area in the Nether-

lands were the only inner city

places to qualify.

Speaking in Madrid yester-day, Mr Millan admitted many

areas had "very real social and economic problems". He had

found a way within fund regu-

lations to give him access to money provided for studies and pilot schemes for promo-

Subject to similar action being agreed by Mrs Vasso Papandreou, social affairs com-

missioner, resources from the regional fund and European

social fund will be put together

to provide help.

Inner London areas have been submitted for consideration. Hamburg, Marseilles, Rotterdam could also benefit.

ting regional policy.

inner city

By Hazel Duffy

establish an office in Moscow. The key concession announced yesterday by Mr Gennady Gerasimov, the Soviet, Foreign Ministry spokesman, is that Soviet employees of British businesses and newspaper correspondents will not be included in the quota.

The quota was first announced last week, and included all British and Soviet employees in all accredited British offices in Moscow meaning a cut of 169 in their staff, or more than two out of every three Soviet employees. The move would have had a chaotic effect on British business, removing key personnel like interpreters, sales and technical staff. Negotiations on the meaning

of the quota are continuing between British embassy officials and the Soviet Foreign Ministry, However, if the quota is applied as now defined, it would still mean that perhaps 40 Soviet staff would be cut of

Mr Gerasimov said that both the British-Soviet Chamber of Commerce, and any British-Soviet joint ventures, were exempted from the quota for both British and Soviet

There are currently some 140 accredited British diplomats,

staff, removing an anomaly als has been a hitter reminder which would have probably of the state's capacity to make have blocked any joint venture plans in the pipeline.

Bavarian N-plant construction to halt

By David Marsh in Bonn

Wackersdorf in eastern Bav-aria will stop today as a pre-lude to an official decision to abandon the project.

The decision was announced

by DWK, the Wackersdorf operating company owned by electricity utilities. It was wel-comed yesterday by Mr Rudolf von Bennigsen-Foerder, chairman of energy group Veba, which has negotiated an alternative agreement to make use of spare reprocessing capacity at France's plant at La Hague in Normandy.

The move to stop work at Wackersdorf comes after DM 2.6bn (£813m) has already been spent on the project. The Bavarian plant was to have come into operation from the mid-1990s but has been stymied by rising costs and political opposition. Although DWK yesterday put the total planned cost of the plant at DM 7.70n, Veba believes the true cost would be DM 10bn.

France has offered to reprocess spent nuclear fuel at La Hague from the end of the 1990s at a price of only DM 1,500 per kilogram (in current

CONSTRUCTION work on D.Marks), compared with the west Germany's planned anticipated DM 4,000 price for nuclear processing complex at reprocessing at Wackersdorf. reprocessing at Wackersdorf.

Veha aims to take a 49 per cent stake in the planned UP-3 section of La Hague, with 51 per cent owned by the French state nuclear fuels group

Cogema.
The Bonn government is due to formalise plans in the next few weeks to reprocess spent-German nuclear fuel abroad rather than in Wackersdorf. Mr von Bennigsen-Foerder con-firmed that British Nuclear Fuels had also made an offer to reprocess German spent fuel at Britain's Sellafield plant. The price offered by the British was slightly below the suggested Cogema price, Mr von Bennig-

sen said. en said. West German electricity utilities have been sending spent nuclear fuel to La Hague since

1976. Reprocessing separates spent uranium fuel into estable uranium and plutenium. However, the economics of reprocessing have been understand by the disappearance of utilities' need for plutenium, caused by the shelving of worldwide plans to build plutenium-burning fast

Italian accountants patience taxed

By John Wyles in Rome

THE creative distaste with which most Italians compile would still mean that perhaps their annual income tax forms 40 Soviet staff would be cut of the 110 employed by the embassy and diplomats formilles the last few days because of a

als has been a hitter reminder

a mess of things. Most of their ire is being heaped on Mr Emilio Colombo, the Minister of Finance, who long refused to admit that a problem was looming, belat-edly acknowledged that a lift-ing of the deadline would probably be necessary and then failed to push such a deci-sion through the cabinet last

sion through the cannet last Friday.

As a result, the national accountants' association is launching a legal action against the minister alleging that he has not falfilled the duties of his office, while Italians and their accountants have been having the midhave been burning the mid-night oil trying to fill out

forms of apparently unprecedented complexity.

The problems have arisen from the fact that the Government has introduced a number of important and complicated tax changes affecting the self-employed, some of which were only passed into law at the end of April. The requisite tax forms were not available until much later than usual and, when they did appear, the accompanying leaflet of offi-cial advice was not only con-fusing but, as experts pointed out, in some respects plain

Most people had begun to expect, and pray for, an extension of the tax deadline and the Government's refusal to concede one has led to a desperate last-minute rush to perate last-minute rish to present payments and declara-tions at banks and post offices. Italy's leading financial daily, Il Sole-24 Ore, yesterday published a page of protest letters which were not signed "Disgusted of Novara" but came from just about every trade

Steel producers sense a draught

William Dawkins on EC discussions about an expected downturn

UROPE'S steel producers have a niggling fear that the party might nearly be over.

The industry has not had it so good for the commission is prepared to do for Eurofer is to continue its monitoring role of pushing out quarterly production fore-

years. Output and prices have climbed strongly since late 1986, har the usual sea-sonal blips, and forecasts for the rest of the year are on the whole good. But the European Community's big steelmakers are already discussing how to soften the impact of the inevitable downturn. The European Commission's forecasters are expecting the current upturn to run out of steam towards the end of this year or early

Some members of Eurofer, the club of big integrated steelmakers, want Brussels' help. The Commission, which has much more nower to intervene in steel than in any other industry, was a fine ally during the steel crisis of the early 1980s. Then it set up a system of mandatory production quotas - now defunct - to provide a base for the industry as companies restruc-tured. Now a growing body, said to include the French, Italian, West German and Belgian producers, want the Commission to prepare a voluntary emergency code to be triggered when a downturn hits. The aim would be to give producers guidance on

production and prices. While Eurofer has made no official approach to Brussels, Commission officials have registered their fears. And they have no sympathy. It is less than a year since Brussels won EC governments' reluctant agreement to scrap the eight-year-old quota system and it certainly does not want to discard that hard-won victory

Instead the Commission sees its job as to promote free competition in the steel industry in the run-up to the 1992 creation of a single market. That means cracking down on state subsidies - where the Commission is embroiled in a wrangle with the Italian government over subsidies to its state-owned steelmaker - and applying Eurofer is to continue its monitoring role of pushing out quarterly production forecasts, a system set up to follow the ending of the old quota regime last July and designed to give producers early warning

of a downturn.

Even if it gets nowhere, the latest debate within Eurofer does invite the question of what lies beneath steel producers' fears. At first sight, they have nothing to worry about. EC crude steel output rose 9 per cent to 137m tonnes last year and is continuing that trend, supported by the fastest growth in industrial investment for 20 years and strong demand from the car

he Commission is as a result re-appraising its estimate of 20m tonnes underlying surplus capacity, the EC industry's most basic problem. Even so, there is still a big overhang. Officials reckon that output is running at 3 to 4 per cent higher than consumption, suggesting that the industry is still a long way from making all the closures needed to bring the market into true balance.

What worries the steel producers today are high inventories, a sudden surge in imports from Third World producers and a flattening of prices. Stockholders and steel users are on average keeping three to four months' supply in most products, a steep rise over the past 18 months, say Commis-

sion officials. It is an ideal time for steel consumers. Most products are easy to obtain, and delivery times are getting shorter for all but galvanised sheet, where there is a world shortage. Producers, by contrast, fear that stockholders might suddenly dump their surpluses, turning their fears of a price fall into an uncontrollable real-

All these uncertainties have already

some key steel products. Commission offi-cials reckon that prices for flat steels, like hot rolled coil as sold to the car industry, have stabilised over the past two months after rising by 3 to 5 per cent annually over the past two years. Prices for long products, like girders, wire and bars, are still climbing by around 10 per cent annually because of the construction sector's continued growth. But then price move-ments in long products have traditionally lagged behind changes in flat products.

Import penetration fell slightly in 1988, only to rebound worryingly in the first quarter of this year from 8 to 10 per cent of EC consumption, according to Eurofer. The main sources are Turkey, China and Yugoslavia, which is awaiting the results of an EC inquiry into dumping of cold rolled sheet. Nobody is quite sure whether this is a freak or a sign of underlying

European uncompetitiveness.

The increase is still within the confidential bilateral restraints the EC imposes on 12 exporters, mainly from Scandinavia, Eastern Europe, Asia and Latin America, though Turkey and China do not form part of these. But the Commission is under strong pressure from steel consumers to end these arrangements. This will provoke protests from steel producers, who believe the EC market is already the most open in the world.

This is at a time when Eurofer members This is at a time when surpler members are equally uncertain how to plan their own exports. Their sales to the important US market are currently controlled by a voluntary restraint agreement which expires on September 30 and has as yet nothing to replace it.

The accord limits Community exports to the US to 5m towness approach.

the US to 5m tonnes annually, a poten-tially crucial outlet in difficult times. Pres-ident George Bush has hinted that he wants to keep some kind of restraint accord but Washington has kept EC steel-makers on tenterhooks by failing to come contributed to a softening of prices in out with any firm proposals.

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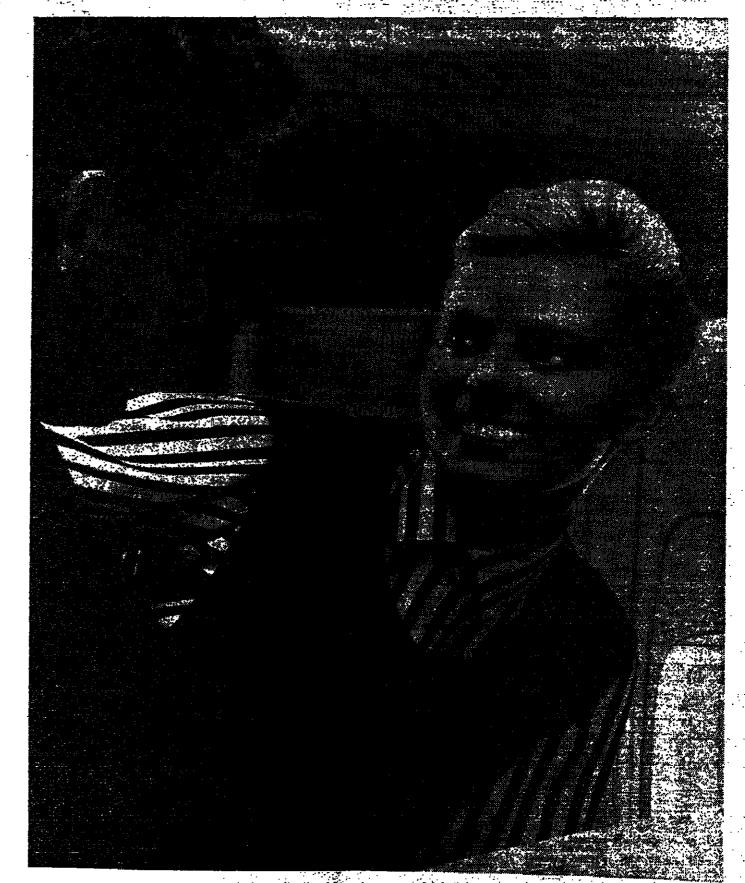
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Alliance stance on missiles falls short of Warsaw Pact proposals SILUL U. By David White in Brussels and Judy Dempsey in Vienna removed.

compromise on the short-range nuclear weapons dispute, finally honed and tightly circumscribed, falls well short of the sweeping negotiating proposals put forward by the Warsaw Pact last month.

The so-called modernisation of current Nato weapons, Moscow's main bugbear, remains on the agenda in the same terms as before, even though Nato spells out that decisions on deploying a suc-cessor to its Lance missiles will not be faced before 1992.

The Comprehensive Concept. a 12-page document that took two years and much sweat to prepare, does commit Nato to further reductions in nuclear warheads as a result of modervisation.

Nato officials said these cuts could involve close to 2,000 artillery shells and bombs, nearly half the total number of US tactical warheads left in Europe after intermediate-range missiles have been

Gorbachev reveals 'real' defence bill

By Quentin Peel in

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PRESIDENT Mikhail Gorbachev yesterday announced for the first time a figure for the "real" level of Soviet defence spending - put-ting it at Roubles 77.3hn, or

\$115bn at the official rate.
The figure is still much lower than Western estimates of total spending - put at some Roubles 120bn, including a substantial allowance for military-related research and

development.
The Soviet leader also gave no clue as to how it had been calculated, given the entirely arbitrary fixed prices used within the centrally-planned

Soviet economy.

However, it is almost four times the level of the last previously stated defence budget of Roubles 20.3bu, although that was admitted to cover only personnel costs majorial only personnel costs, material and technical supplies.

Mr Gorbachev said the Rouhles 77.3bn total would be cut-by 14 per-cent over the next two years, or by some Roubles 10bn, as a result of the unilat-eral defence cuts he

announced last December. He also said that a programme had been worked out although not on the same

"We must have in mind that thanks to the most sophisticated space equipment, we develop new technologies," he said. That was the only justifi-

cation for spending so much on the space programme. His announcement to the

His announcement to the new Congress of People's Deputies in Moscow was not with loud applanse, as the next step in revealing the full details of the defence budget.

It would mean that about 15 per cent of the Soviet state budget went on defence, on the basis of the 1989 budget approved last year by the Supreme Soviet.

However, Western analysis

However, Western analysts say they do not believe the new figure yet reflects the full extent of research and development spending.

Mr Gorbachev has promise that a full analysis of defence spending, or White Paper, will be published in the course of the year, but that the problems of calculating it in a com-parable way to Western bud-gets were causing delays.

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But the onus is put on Moscow to make reductions first in its approximately 1,500 short-range missile launchers based in Europe, following its already announced cut of 500 out of an estimated 10,000 war-

heads. These cuts would have to be made before any mutual negotiated short-range nuclear forces (SNF) reductions are in Negotiations which Nato is wifting to contemplate would be limited to US and Soviet land-based missiles. This would exclude nuclear capable artillery, which the Soviet Union want included.

It also excludes air-launched weapons, a key pillar of Western nuclear capability. The Warsaw Pact wants nuclear-capable aircraft on the negotiating table. Under the mandate for the Vienna arms talks, any military aircraft are eligible for

But both France and Britain

kept out of any arms control measures. UK officials said they were confident the 15 per cent cut in Nato fighter numbers proposed by President Bush would not threaten these

Bush would not threaten these capabilities.
French ground-based missiles, which include intermediate as well as short-range weapons, would also fall outside the scope of any talks.

By specifying that negotiations be undertaken by the US, in consultation with allies, Nato ruled out the wider participation sought by the Warsaw Pact.

The Nato document sets tight conditions on timing: no nuclear talks until conven-tional cuts are "under way" and no nuclear cuts before conventional reductions are "implemented".

The trick performed by President Bush to reconcile classing Nato positions has been to bring forward expectations for a conventional arms pact. Mrs

as Europe's security is vital to that of North America

of the Warsaw Treaty Organi-

sation to iom us in accelerat-

ing efforts to sign and implement an agreement which will enhance security and stability in Europe by reducing conven-tional armed forces. To seize

the unique opportunity at hand, we intend to present a proposal that will amplify and

expand on the position we tabled at the opening of the CFE (Conventional Forces in

Europe) negotiations on March

We challenge the members

agreement in six months to a year was "very optimistic".
But optimism over Vienna prospects has already been on the rise because of Warsaw Pact proposals quite close in some respects to Nato's.

Although the Nato has ruled

out the total elimination of eround-based nuclear arms in turope in the present circumstances and as far as can be foreseen, the formulae announced yesterday left some important ambiguities. Mrs Thatcher admitted that there was no precise definition

of "under way", the phrase describing the stage of conven-tional disarmament that would allow nuclear talks to start.

Also unclear is how rigor ously the "implementation" of conventional arms cuts -which would trigger any actual

Finally, there is the question of how long a "third zero", or abolition of tactical nuclear

cuts in nuclear forces - is



Seeking a balance: President Bush answers questions yesterday

'Unique opportunity' to enhance European stability

FOLLOWING are extracts from logical and military antagothe official declaration of the 16 Nato allies at the end of the nism will be replaced with cooperation, trust and peaceful competition . . .

For the foreseeable future, IN THE Soviet Union, importhere is no alternative to the tant changes are under way. We welcome the current Alliance strategy for the pre-vention of war. This is a stratreforms that have already led to greater openness, improved egy of deterrence based on an appropriate mix of adequate and effective nuclear and conrespect for human rights, active participation of the indi-vidual and new attitudes in foreign policy. But much remains to be done. We still look forward to the full impleventional forces which will continue to be kept up-to-date where necessary. We shall ensure the viability and credibility of these forces, while maintaining them at the lowest level consistent with our secumentation of the announced changes in priorities in the allocation of economic resources from the military to rity requirements. The presence of North American conventional and nuclear forces in Europe remains vital the civilian sector. If sustained, the reforms will strengthen prospects for fundamental improvements in East-West to the security of Europe just

We also welcome the marked progress in some countries of stern Europe towards establishing more democratic institutions, freer elections and greater political pluralism and

economic choice . . . We want to overcome the painful division of Europe, which we have never accepted. We want to move beyond the post-war period. Based on today's momentum of increased co-operation and lenges, we seek to shape a new political order of peace in Europe.

objectives are: to ensure that wars and intimidation of any kind in Europe and North America are prevented establish a new pattern of rela-tions between the countries of East and West, in which ideo-

• register agreement, based posed in Vienna, on tanks, armoured troop carriers and artillery pieces held by mem-bers of the two alliances in Europe, with all of the with-drawn equipment to be

Moscow urged to make unilateral missile cuts

AN EXTRACT from Nato's "Comprehensive Concept of Arms Control and Disarmament" adopted yesterday: IN VIEW of the huge superiority of the Warsaw Pact in terms of short-range nuclear missiles, the Alliance calls upon the Soviet Union to reduce unilaterally its short-range missile systems to the current levels within the

integrated military struc-In this spirit, the Allies will make every effort . . . to bring . . . conventional negotiations to an early and satisfactory conclusion. The US has expressed the hope that this could be achieved within six to could be achieved within six to

twelve months.
Once implementation of such an agreement is under way, the US, in consultation with the Allies concerned, is prepared to enter into negotia-tions to achieve a partial

reduction of American and Soviet land-based nuclear missile forces of shorter range to equal and verifiable levels.

With special reference to the

Western proposals on CFE tabled in Vienna, enhanced by the proposals by the US at the May 1989 summit, the Allies concerned proceed on the understanding that negotiated reductions leading to a level below the existing level of their SNF missiles will not be carried out until the results of these negotiations have been implemented. Reductions of Warsaw Pact SNF systems should be carried out before

that date. As regards the sub-strategic nuclear forces of the members of the integrated military structure, their level and characteristics must be such that they can perform their deter-rent role in a credible way across the required spectrum

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and armoured troop carriers will be based on proposals

already tabled in Vienna; definitional questions on artillery pieces remain to be resolved; expand our current proposal to include reductions by each side to equal ceilings at the level 15 per cent below cur-rent Alliance holdings of heli-copters and of all land-based combat aircraft in the Atlantic-to-the-Urals zone, with all the withdrawn equipment to be destroyed;

propose a 20 per cent cut in combat manpower in US sta-tioned forces, and a resulting ceiling on US and Soviet ground and air force personnel

stationed outside national ter-ritory in the Atlantic-to-the-Urals zone at approximately 275,000. This ceiling would require the Soviet Union to reduce its forces in Eastern Europe by some 325,000. US and Soviet forces withdrawn would be demobilised; • seek such an agreement within six months to a year

and accomplish the reductions by 1992 or 1993. Accordingly, we have directed the Alliance's High Level Task Force on conventional arms control to com-plete the further elaboration of this proposal, including its verification elements, so that it may be tabled at the beginning

of the third round of the CFE negotiations, which opens on September 7, 1989.

We consider as an important initiative President Bush's call for an "open skies" regime intended to improve confidence among states through reconnaissance flights, and to contribute to the transparency of military activity, to arms control and to public aware-

We will continue to use arms control as a means to enhance security and stability at the lowest possible level of armed forces, and to strengthen confidence by further appropriate

Triumphant Bush seizes the high ground for US

By Peter Riddell, US Editor in Brussels

PRESIDENT Bush yesterday tried hard to avoid appearing triumphant, not always sucsfully. He had just rounded

off the biggest international triumph of his presidency.

By contrast, Mrs Margaret Thatcher, the British Prime Minister, did not dissemble her pleasure at the communique's wording on short-range nuclear missiles and the implicit concession by West

Yet the US can feel very sat-isfied with the outcome. Having accepted several weeks ago that a decision on short-range missile modernisation would be postponed until 1992, the US has achieved all its main objectives, as well as gaining the initiative for once in East/West

exchanges. In particular, there remains commitment to retaining both conventional and nuclear forces in Europe - and a mix of the latter. As the US wished, the communique sets out a clearly defined link between conventional force reductions and later talks and action on short-range missiles - the position which Mrs Thatcher has only accepted in the past week or so. Moreover, any eventual reduction in short-range weapons will be "partial" - ruling out the

so-called third zero.

Moreover, thanks to the US
policy shift of the past week a new impetus has been given to the Vienna conventional force talks. Even if President Bush's accelerated timetable may be optimistic, the prospect of implementation by 1992-8 has been the key to achieving the

missile compromise.
It is easy both to under-estimate and to over-estimate what has happened. Such has

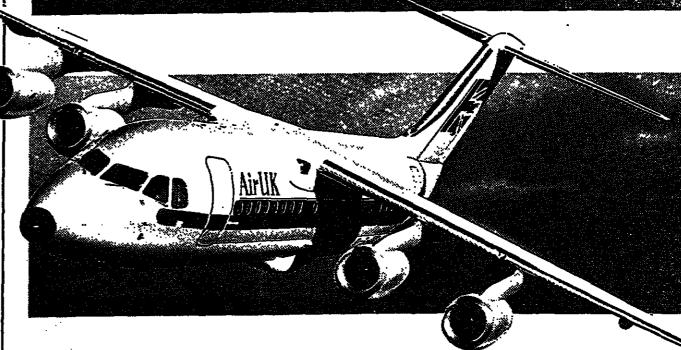
been the succession of arms control initiatives in the past two years that the long period of stalemate in both conventional and nuclear negotiations tends to be forgotten. If the US proposals form the basis of an eventual agreement, the familiar post-war defence picture in western Europe will have been transformed.

There is also the danger of jumping too far ahead, of regarding Mr Bush's proposals on conventional arms as the prelude to a US disengagement from Europe. But as President Bush stressed yesterday: "America is and will remain a European power." He made a point of noting that the Joint Chiefs of Staff, as well as Gencommander in chief, had pro-vided assurances that the pack-

vided assurances that the package was sound militarily.
Indeed, the suggested 30,000 troops cut in US forces in Europe is not an arbitrary figure. A senior administration official conceded that, if there was a larger reduction than that, the forward line in central Europe could not be tral Europe could not be manned sufficiently to carry out the fundamental Nato strategy of forward defence.

Mr Bush said the aim was that "a reduced military pres ence when combined with a less threatening Soviet pres-ence in Europe can create a stronger basis for engagement in Europe over the long haul – opening up opportunities for greater US/European co-opera-

So, while in US eyes, the summit communique marks an important evolution in US/European and East/West relations, it is not intended to mark the beginning of the end of the alliance.



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EUROPEAN NEWS

Higher stakes sharpen campaign in UK

Britain's future in Community is back on domestic agenda, writes Philip Stephens

LECTIONS to the European Parliament are meant in Britain to be low-key. Since the first direct elections in 1979, Europe's parliamentarians have been treated by the British electorate with studied indifference and frequently contempt.

The stories favoured by the media are those chronicling the expense-account excesses of MEPs or alleged conspira-cies cooked up with the Brussels Commission to impose

"foreign" rules on British life. Only a third of eligible vot-ers bothered to vote in 1979 and 1984, against an average of 60 per cent for Britain's Euro-pean partners. So members of the Strasbourg Parliament and MPs and peers at Westminster have been caught unawares by the unaccustomed vigour of the political debate ahead of

next month's poll. There has not been a behavioural revolution. Canvassers trudging around the Euro constituencies (78 in England, Wales and Scotland and three in Northern Ireland) have not yet found that an explosion in foreign holidays has turned the British into enthusiastic Euro-philes. Many believe voter turnout this year may rise but even the optimists are not pre-dicting more than 40 per cent. There is, however, a percep-tion among party leaders that in both the domestic and in wider European perspective, the stakes will be much higher on June 15 than in the two previous elections.

The approach of 1992 and the implications of the single European Act - providing for majority voting in the Council of Ministers across a range of issues – have put Britain's future in the EC back on the

domestic political agenda. The poli will also provide the first nationwide test of whether the Labour opposition's two-year policy review can bring to an end its decade in the wilderness and establish it as a credible alternative to Mrs Margaret Thatcher. Mr Neil Kinnock, the Labour

leader, hopes that a strong per-formance next month will demonstrate popular approval for a marked shift from the left to the centre in his party's dones-tic and international policies. The most striking feature of the campaign so far, however, has been the split in Conservative ranks over how to react to the pressures for closer European integration. The twin poles have been mapped out by Mrs Thatcher and by Mr Edward Heath, the former Prime Minister who took Britain into the EC in 1978.

Mrs Thatcher's vision is of a

European free trade area with

a minimum of regulation and

EUROPEAN ELECTIONS



bureaucratic interference and

Equally, the pro-European faction within the party tends to coalesce more around the views of Mr Michael Heseltine, the former Defence Minister

rather than those of Mr Heath.
Mr Heseltine, a contender for
the future leadership of the Conservatives, is not a federalist, but he does argue for much greater readiness to share sov-ereignty with the rest of Europe. His fear is that if Britain remains obdurate, it will be left behind in a "twospeed" Europe. The divisions have left many

of the 45 Conservative MEPs mused and, often annoyed. The most prominent, Lord Plumb, is also President of the Parliament and has been sharply, if obliquely, critical of Mrs Thatcher's strident defence of British sovereignty.

Mr Kinnock is confident that Conservative confusion will

bolster his party's prospects.
Labour presently holds 32 constituencies, but is hoping to win at least five and possibly seven or eight from the Conservation. vatives. Among those targeted are Cleveland and North Yorkshire, Humberside, Leicester, Scotland South and at least one of the London constituen-

Opinion polls suggest it has a good chance, putting its share of the vote at around 40

per cent - level with the Conservatives and 4.5 points higher than in 1984.

The collapse of the centre parties has provided a welcome fillip. Mr Paddy Ashdown's Democrate remain a national force, but the first-past-the-post voting system looks likely to ensure that at very best the Democrats might win one seat. Dr David Owen's SDP has retreated from the national stage, and will contest only about a fifth of the seats.

Among the other smaller parties, only the Scottish Nationalists and the Unionists and SDLP in Northern Ireland, who already hold four seats between them, look likely to be

Mr Kinnock's policy review has buried Labour's long-held opposition to the Community along with its commitment to unilateral nuclear disarma-ment and wholesale nationalisation of major industries. That does not mean that the party now embraces unequivocally a move towards closer integration with the rest of Europe: its rather tortuous position over the EMS indicates otherwise. But with rising interest rates

emphasising the precarious economic outlook, Mr Khnock sees an opportunity to highlight contrasts between Britain's position and that of its richer neighbours.

point to big change in Italy

By John Wyles in Rome

Local polls

JUST OVER a million Italian voters in communal elections have offered an intriguing trailer to this month's European poll by handsomely rewarding the Christian Democrats and the Socialists for their recent slaughter of the country's 48th post-war gov-ernment, while at the same time accelerating the Commu-

nist party's decline.

If these results are repeated on June 18, regarded in Italy as a near-general election because of the political crisis, they would mark an historic overtaking of the Communists (PCI) by the Socialists and should smooth the path to resnoun amount the path to be forming the five-party coalition led by the Christian Democrata (DC), while doing nothing to dampen their rivalry with the Socialists.

Mr Glovanni Spadolini, the Senate president, begins the seval gratery task today of

"exploratory" task today of sounding out all parties on the next government's composi-tion, leadership and pro-

The results of the voting on Sunday and Monday in 165 Communes, mainly in southern Italy and Sicily, need to be interpreted with a cer-tain degree of caution both because of the influences of

local circumstances.

Nevertheless, the robustness of the Christian Democrat vote and the fact that the Socialists. captured a higher share of the poll than the PCI for the first time in these Communes will give added momentum in the

European campaign.

The DC took 39.6 per cent of the vote compared to 36.9 in the same Communes five years ago and 38.6 per cent in the 1987 general election. The Socialists surged from 17 per cent to 19.1, having taken 14 per cent in these districts in 1987. The Communists, by contrast, slid from 22.1 per cent to 16.9, having taken 22.6 per cent in the general election.

Even allowing for the fact that PCI votes in Reggio Calabria were pooled in an alliance with the Radicals and Prole-

tarian Democrats, the PCI

would still seem to have ceded

place to the Socialists.

with little if any loss of sover-eignty for Westminister. Mr Heath, as he made clear earlier this week, is an enthusiastic federalist who believes that the eventual goal of a United States of Europe is as inevita-

Those positions represent the extremes. There are many in Mrs Thatcher's cabinet who share her suspicions of Brussels but, none the less, would prefer her to adopt a more posi-tive tone. They are against the push for a closely-defined social dimension to the single market but in favour, for example, of early British mem-bership of the European Mon-

Profile: The Netherlands

Consensus on Europe means domestic issues prevail

By Laura Raun in Amsterdam

WHEN Dutchmen cast their ballots in the European elections on June 15 the vote will be seen as much as a primary for national elections in September as a referendum on European issues.

National issues have mostly dominated European ones since direct European elections began in 1979. So much consensus on Europe exists among Dutch political parties that domestic issues must provide the dividing lines.

The trend is even more pro-

nounced this year because of the general election on Septem-

ber 6.
"National and European issues are linked," declares Mr Piet Dankert, candidate for the Labour Party. "The electorate

wouldn't understand if they were separate." But Mr Gijs de Vries, candi-date for the Liberal Party, argues that European issues demand European parties. "The campaign is waged along obsolete lines," he complains. Nevertheless Dutch candi-

dates desperately hope the Euro-phoria" of the past few years will translate into a demand for greater democracy. In Strasbourg greater democracy means only one thing - more power for the Euro-pean Parliament. "The real fight is between

the forces for and against gen-uine European parliamentary democracy," contends Mr de

The Netherlands has 25 seats in the European Parliament:

Socialists 9, Christian Democrats 8 Liberals and Democrats 5, Rainbow (small left-of-centre parties) 2 and Non-aligned 1. To win a seat at least 4 per cent of the vote is needed.

Political parties will pore over the results on June 18 for guidance in the general elec-tion campaign, called after the collapse of Mr Ruud Lubbers' Christian Democrat-Liberal

coalition on May 2.

If elections were held now the Christian Democrats, perennial swing party in every postwar government, would remain the same, according to

a public opinion poll published earlier this week. Labour, largest of the opposition parties, would gain three seats and become the biggest party in the Dutch Parliament. The Liberals, junior partners in the caretaker government, would lose nearly a third of their 27 seats.

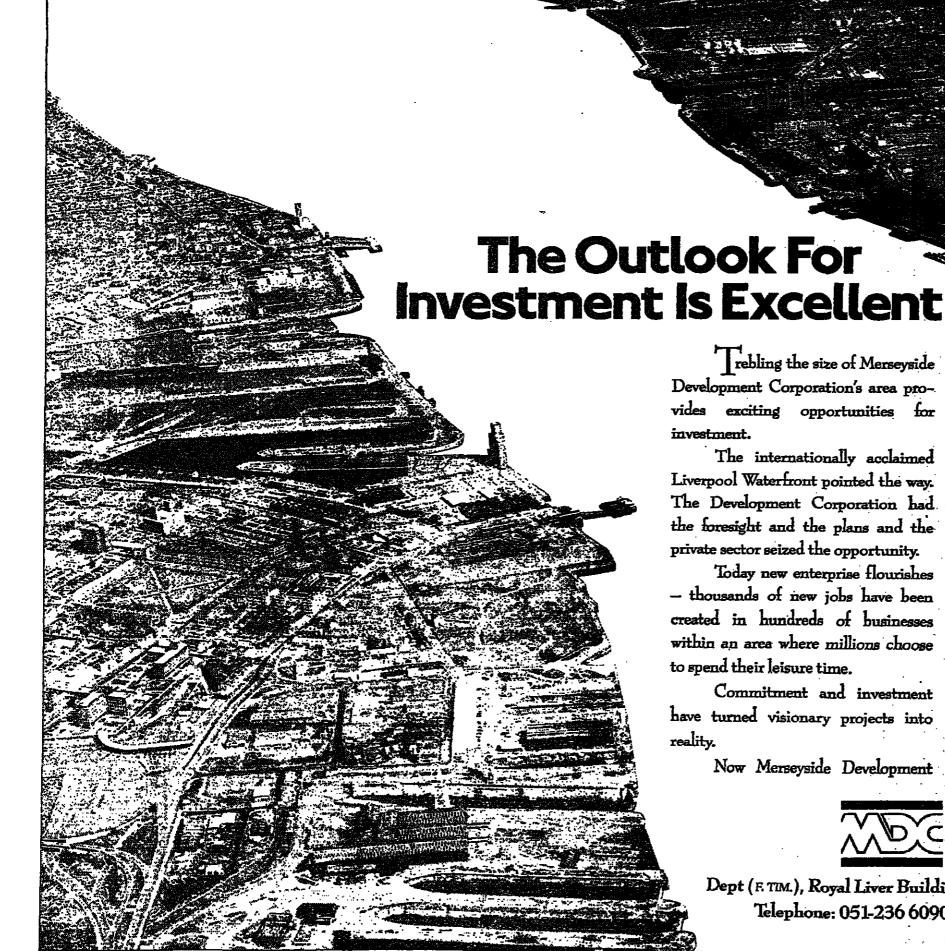
A similar picture is expected to emerge in the European elections. The national election should help draw voters and that could help Labour, according to Mr Dankert.

General expectations are that turnout could climb to around 56 per cent from 50.5 per cent in 1984 although that would still be lower than the 62.5 per cent in 1979. The promise of a barrier-free Europe has brought the election closer to the people and generated more interest than in 1984. Tangible issues such as environmental pollution, social security, border controls and broadca are easier to grasp than intan-

gible ones such as agricultural reform and community finances which dominated the

last election.
A striking degree of consensus prevails among major Dutch parties on European issues. They generally favour more power for the European Parliament, European economic and monetary union, a central bank, common foreign policy and an international approach to the environmental. Only the small parties to the left and right of centre oppose full European integra-tion as outlined in the Single European Act.

Many MEPs believe the ean Parliament should move to Brussels to ensure better media coverage and foster greater public awareness.



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e ver jangan

Takeshita (centre) meets former premiers Fukuda (left) and Suzuki to discuss the

Japan's strongmen subdue stirrings of political reform

APAN'S ruling Liberal tions of breaking political Democratic Party is with-drawing into its shell. The shock of the Recruit to questioning just two politiaffair has prompted party leaders to talk loudly of the need for political reform. But they are quietly taking steps to make sure the impact of reform is kept to a minimum.

reform is kept to a minimum.

Leading the conservative reaction is Mr Noboru Takeshita, the Prime Minister, who a month ago announced his intention to resign to take responsibility for the affair. Far from losing ground, Mr Takeshita has enhanced his position in the leadership by getting into a position to nominate Mr Sousuke Uno, the Foreign Minister, as his successor eign Minister, as his successor. Even though opinion polls show public support is still fall-

ing, the party is battening down the hatches in the hope that public protest engendered by Recruit will blow itself out.

LDP leaders will not have to
wait long to see if they are right - elections to the upper house of the Diet (parliament) are due to be held at the end of July and elections to the lower

house next year. Party leaders breathed a sigh of relief at the conclusion this week of the public prosecutor's investigation into the scandal. The end of the inquiry should put an end to the allegations of bribe-taking which have rocked the party since the affair erupted last summer.

There is no suggestion that LDP leaders put pressure on Mr Yusuke Yoshinaga, the chief presecutor, to cut short his investigation. He interviewed hundreds of people over 260 days. The investiga-tion led to the indictment of 12 people on charges of bribery and a further four on allegato questioning just two politi-cians who later were indicted. He was also hampered by a need to finish the investigation before the start of the campaign for July's election and by a law which exempts Diet members from being held for questioning while the Diet is in

Opposition politicians and commentators protested that the prosecutor had not even ached Mr Yasubiro Nakasone, the former Prime Minister, during whose administra-tion much of the alleged corruption took place.

Stefan Wagstyl on indications that the LDP will emerge from scandal with its power intact

The end of the investigation could not have come at a more convenient time for the LDP. Earlier this week, Mr Naka-sone announced he was resigning from the party to take political responsibility for the scandal. By the end of this week the party hopes to confirm that Mr Uno will be the new Prime Minister Rvery. new Prime Minister. Every-thing has come together to aid the LDP's attempts to draw a line under the affair. Things looked very different

a month ago. When Mr Takeshita announced his proposed resignation it seemed possible that the LDP might even break apart. There was talk of drastic change — including swift elec-

Japanese discount rate rises to 3.25%

By lan Rodger in Tokyo

JAPANESE Government officials yesterday made clear that they would avoid any further increase in the Official Discount Rate for as long as possible and almost apologised for the widely expected decision to raise the Bank of Japan's official rate today by 0.75 of a percentage point to 3.25 per cent.

Mr Tatsuo Murayama, the finance minister, said that he was confident the rise, which was higher than expected, would not set off a round of

would not set off a round of competitive rate increases among industrialised coun-tries, but he feared that a fur-ther rate hike would have

toral reform and the abolition

of the ruling party's factions, moves which would have

changed the face of politics.
But for those at the top of
the party, who have spent their
political lives building their
power by building factions, an
end to the factions was anatherna. The party slowly repeated

ema. The party slowly reverted to its tradition of choosing a

leader by balancing the power of different factions. This gave

Mr Takestita, as leader of the largest faction, the biggest voice. He picked Mr Uno who

voice. he picket Mr Only with belongs to Mr Nakasone's fac-tion but is close to Mr Takesh-ita. The choice gives Mr Tak-eshita every chance of becoming the power behind the

The Nikkei Shimbun,

Japan's leading business daily, said drily in an editorial yester-

day: "The selection of the new Prime Minister shows how eager politicians really are for

drastic change."

The key to the LDP's future lies in the elections. At first

sight opinion polls suggest that

overthrown by a surge in sup-

to last night's poll, 75 per cent of voters think the opposition

ties are unable to project them

selves as a coherent alterna-tive. So the LDP, unreformed

and unbowed, might yet emerge out with its control of

The announcement was sparked to some extent by the Government's concern over the recent weakening of the yen. However, it had no notice-able effect, as the yen contin-ued to drop against the dollar on foreign exchange markets. The dollar closed in Tokyo at However, it had no notice y143.10, up Y0.25. Other mar-kets reacted calmly because the announcement had been

It was the first change in the ODR since February, 1987, when the last of a year-long succession of reductions was made to stimulate the Japanese economy following the Plaza agreement in September, 1985, to revalue the yen. The Japanese authorities have maintained an easy money pol-icy since then to contribute to world economic expansion and

disaster is in store. According to a television poll last night, the LDP's rating has dropped to 21 per cent, the lowest ever. But the LDP can only be reduce the country's huge trade surpluses. Both Mr Murayama and Mr Satoshi Sumita, governor of the Bank of Japan, said the increase was not intended to port for the opposition parties, including the Japan Socialist Party, the largest. The realistic alternative to the LDP is a messy coalition. But, according to leave within and undermine the easy money stance. "The Government of Japan will continue to abide by its basic policy of non-inflationary, sustained economic growth led by domestic demand, with a view to the has done a poor job over Recruit. After over 30 years of LDP rule, the opposition parimprovement of national wel-fare and international co-ordination." Mr Murayama said.

They said it was partly a preventive move in the face of signs of inflation being imported, notably because of the recent weakening of the yen and higher oil prices.

Japanese queue for QE2 high life

Michiyo Nakamoto explains the appeal of a ship that stays in port

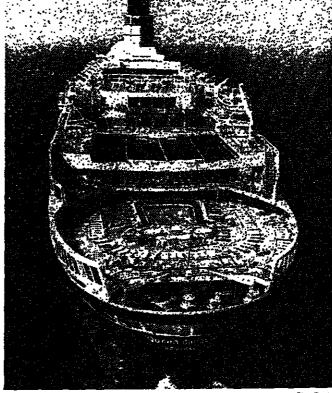
MAGINE paying more than \$500 for one night in a botel room with no bath and no windows. In Japan, people are queueing up for the privilege, because the hotel is called the Queen Elizabeth 2. It has been widely noticed that the Japanese, who have always been immensely curious about, not to say highly ous about, not to say highly envious of, the luxurious lifes-

envious of, the inxurious ines-tyle of Europe's wealthy, are now using their extraordinary financial resources to buy a taste of the high life.

Already they have bought French vineyards, transported a Scottish castle across Siberia and brought the legendary Ori-ent Express over for a leisurely grand tour of the country. Now grand tour of the country. Now it is the turn of the Queen Elizabeth 2, the Cunard luxury liner, to capture the imagina-tion of Japan's newly rich.

The liner is now in its final week in the port of Yokohama after being chartered by a Japanese group for more than two months as a floating hotel. It is part of the celebrations of the 100th anniversary of the city of Yokohama and the 130th anniversary of the opening of the port. Its stay, from March 31 to June 3, is the QE2's longest, and no doubt most profitable, in one port.

Those acquainted with the pleasures of luxury cruising may wonder why anyone would want to stay overnight on a ship which will not sail, even if it is the QE2. For the many Japanese, however, who have been thronging the ship, it is a not-to-be-missed, oncein-a lifetime opportunity, even at prices ranging from Y70,000 (\$511) for a single room to Y380,000 (\$2,773) per person for a penthouse suite. No matter that the ship will not be going anywhere. There is the casino, the Las Vegas-type shows, the dancing and dining in authen-



Luxury berth in the Far East on a ship going nowhere

tic British high-society style. "It is an extravagance," said an elderly man staying over-night with his wife in one of the more expensive suites. "But the experience will become a precious memory in our old age."

Elderly couples from all over the country, young office work-ers and groups of middle-aged women have flocked to the ship daily for a fleeting experience of a lifestyle that will

to most of them. Even if they are rich, few Japanese can afford to take enough time off for a cruise and many have come to the QE2 delighted at the thought of experiencing in one day the Japanese holiday style of see, buy and run.

Although most stay for only one night, they are sure to bring suitcases stuffed with more costly outfits than they have time to wear, and plenty of cash to keep the shops and casino going full steam.

For the overnight package, checking in begins at 4pm and guests have to be out by 10am the next day. There has been some grumbling about this, and the lack of windows and showers in many of the rooms, but on the whole the response has been positive enough to been the reservations stream. keep the reservations stream ing in. The Queen Elizabeth suite, the most popular of the penthouse suites, is already

booked for most nights.

Many Japanese cannot even spend a night, and take a three-hour lunch tour with just about enough time to do a bit of shopping. "They forget about everythying else and go straight on to Harrods," says Captain Alan Bennell

The cost of special events is also steep, ranging from Y5m for dinner in the Princess Grill to Y39m for a party in the Queen's Grill, including one night's stay. This does not seem to have dampened interest. Full ship rentals at Y128m to Y161m a day have been booked by five companies.

booked by five companies.

"Japanese businesses are making a lot of money," one observer noted. "It is better to spend it and give employees and clients a good time than to give it up to the taxman."

Two more Japanese groups have chartered the ship and its stay in Yokohama may be

stay in Yokohama may be starting a trend that could win the company further lucrative contracts. "I think the Japa-nese are waking up to the fact that cruising is good," says

Captain Bennell. Certainly Cunard has found that renting to the Japanese is good. The total worth of con-tracts over the next two years signed by the company with the Japanese is estimated at over \$100m. "It is certainly more profitable than plying the Atlantic," one observer in Tokyo noted.

Liberals Tasmanian Greens see red over

TASMANIA, Australia's smallest state, faces a torrid month of post-election recrimination after an historic pact between Labor party MPs and a group of "Green" indepen-dents failed to win them the

state government, writes Chris Sherwell in Sydney. The Greens, headed by the conservationist Dr Bob Brown, won five seats in the state's

election earlier this month, giv-ing them the balance of power. It is thought to be the environmental movement's first such achievement anywhere outside West Germany.

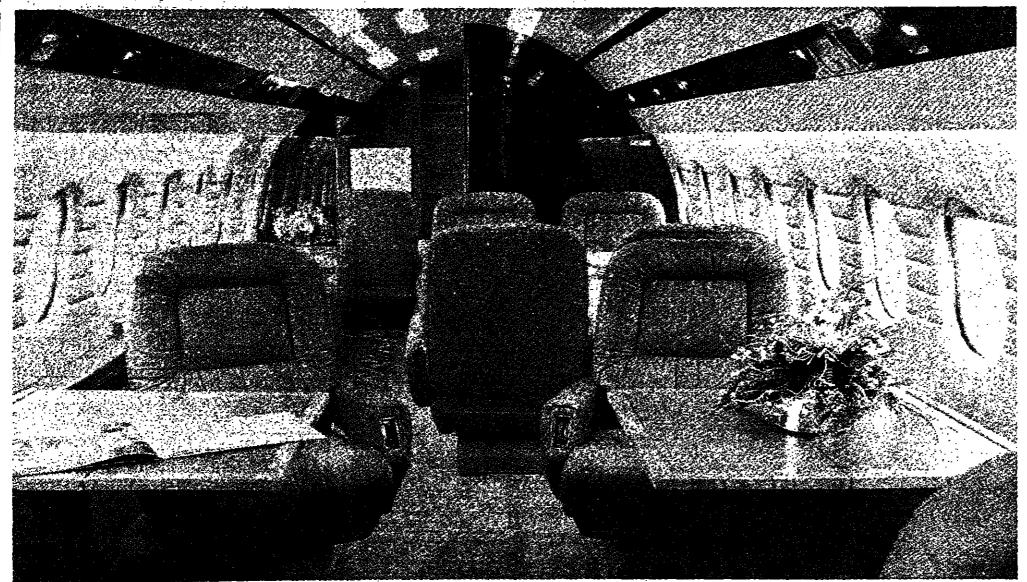
On Monday, after several days of exhausting negotia-tions, the five and Labor's 13 MPs announced a notable understanding which would give them a bare majority in

But Mr Robin Gray, the Liberal party leader, refused to resign his office, despite win-ning only 17 seats. He advised the Governor to appoint him to head a minority government and the Governor accepted. This has left Tasmania's future in the hands of the state

parliament, which is due to resume sittings on June 28. The Greens say they will move a motion of no confidence. If passed, the Governor must consider a Labor-led alternative or a fresh election.

The state election represented a victory for the Greens, who previously had only two seats, and a setback for Mr Gray's Liberals. It was also seen as a pointer to electoral trends elsewhere in Australia.

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OVERSEAS NEWS

Under old management: Chinese business resumes

Lynne Curry and Robert Thomson on investment

HINA could not afford to rely on Western countries and should turn to the Soviet Union for trade and investment links, according to a speech reportedly made by Yao Yilin, a conservetive member of the Com-

munist Party recently.
Yao, a member of the politburo s tanding committee and a vice pramier, was reported by a pro-Pek ing Hong Kong newspa-per as telling senior Chinese government officials that the Premier, Li Peng, wanted to concentrate on developing links with the Soviet Union,

and had already appointed a special negotiating team. While diplomats cautioned that the article could have been planted by one of Li's many opponents, the report compounds the uncertainty in the minds of foreign companies doing, or planning to do, business with China. The speech would also confirm Li's reputation as a man suspicious of the West and warm towards the

Soviet Union.
Li Peng was educated as an engineer in the Soviet Union, speaks Russian, and is known to have a love of grand Soviet-

style industrial projects.

The same Hong Kong report said China had agreed to buy four nuclear plants from the Soviet Union.

The large pro-democracy demonstrations, declaration of martial law and continuing political conflict have already caused a slowing of foreign

Chinese bank credit is expanding sharply and is increasingly being diverted into capital construction, the State Statistics Bureau reported, writes Colina Mac-Dougall. This is undermining the economic freeze launched last autumn to curb inflation, partly caused by extravagant building plans. The freeze cut state investment in the first four months of the year by yuan 1.1bn (£188m) to yuan 30.4 bn, but loans grew by yuan 6.4 bn to yuan 1061.5 bn. The Peking paper Economic Information called this an

eign business people resident in Peking. Japanese business delega-tions have been told by the Chinese authorities that their itineraries could not be organ-ised, and, at the height of the disturbances a week ago, some foreign companies asked staff based in Peking to take holiday leave immediately – if possible

alarming trend".

Arthur Andersen, the accounting firm, formally closed its office after martial law was declared but plans to re-open soon. IBM advised some employees already out of the country on training pro-grammes not to return immediately, and arranged for staff to take holidays owing.

Most companies expect that doing business will be more difficult if the conservative

leadership maintains control.

Bureaucrats throughout the country are more cautious about decision-making, though officials in progressive southern provinces are expected to try to ignore the power

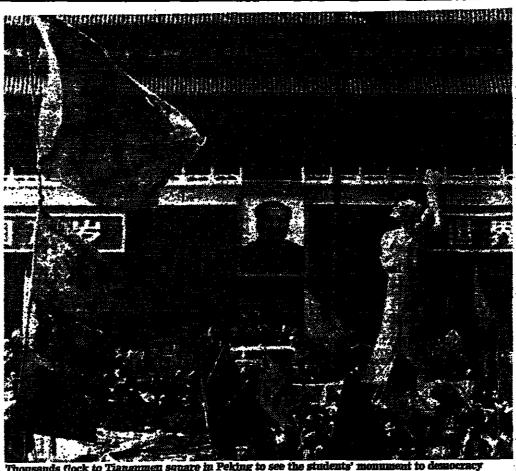
struggle in Peking. A Western banker said the companies most affected in the short-term were those in the midst of contract negotiations. Chinese officials are uncertain whether investment policies will change and are keen to delay decisions.

A consultant from New Zealand who has lived in the capital for five years has advised several smaller companies that it is not worth their trouble pursuing projects in China at the moment. But he is con-vinced the bigger foreign com-panies will stay on unless the social unrest turns violent.

anese trading house said many Japanese companies had come to China expecting political instability, and the present problems would not yet have affected their plans. The troubled business cli-

mate follows a year of strong investment growth, with new contracted investment in the first two months of this year, valued at \$860m - up from \$300m in the same period last

The number of contracts last year virtually doubled while the foreign funds used during the year amounted to \$9.84bn, a rise of 16.4 per cent. (These figures were provided earlier



this year by Li Peng.) In his speech, vice-premier Yao is reported to have said conditions were unsuitable for large-scale investment and borrowing from the US, Japan, and Hong Kong, the three larg-est investors, because China was a poor country and needed to re-adjust its investment strategy to make it "suitable for Chinese conditions". He said the country should "mainly talk to the Soviet

The influence of conservatives such as Yao and Li has already been felt in the econa slow-down designed to counter high inflation.

The policy to decentralise control has, in part, been reversed, money supply has been tightened, and in some cases, Chinese partners in joint ventures have been unable to make payment deadlines Still, not all foreign business people believe there will be a

slump in investment. These more optimistic observers argue that a distinction has to

investment policy.

Several companies said the problems had given cause for contemplation about China's long-term importance in corporate plans, and signs that a more conservative leadership was unsympathetic to foreign companies would prompt an even more wide-ranging re-as-

HK legislators renew pressure for early poll

yesterday called for the chief executive, who will run the col-ony when it reverts to Chinese sovereignty in 1997, to be directly elected by universal suffrage not later than 2003. This is between four and nine years earlier than had originally been generally envis-aged. It reflects growing con-cern in Hong Kong, following recent events in China, that defences must be erected to stop the Chinese government going back on its pledge that Hong Kong will enjoy a "high

degree of autonomy." These concerns will be aired by nearly 30 speakers during a two day debate of Hong Kong's two day denate of Hong Long's legislative council starting today on the latest Peking-pre-pared draft of the post-1997 Basic Law which is to be put into its final form by the end of

Many legislators are specially worried that the present draft would allow Peking uni-laterally to impose China's own laws on the territory if Hong Kong was in a state of "turmoil" - the word used by Li

HONG KONG'S legislators minister, to describe the recent student demonstrations. Dame Lydia Dunn, chairman of the colony's executive coun-cil, said last night that the student demonstrations and the Chinese government's response conness government's response had "highlighted the crucial importance to Hong Kong of the one country two system concept", which envisages a separate economic and political system for the turnitum. system for the territory.

Last week the political leaders, who are members of the executive and legislative councils, abandoned past differences and called for the future

legislative council to be 50 per cent directly elected in 1995, two years before the handover, and fully directly elected in Yesterday they could not

reach unanimity on what should happen before 2003 for the chief executive because only a minority of liberals want full direct elections in

The majority are prepared for Peking to have a significant say in the first 1997 chief executive through a complex indi-rect electoral system.

Unpleasant welcome for Vietnamese boat people

BY THE INTER-AMERICAN DEVELOPMENT BANK LOAN CONTRACT NO: 154/IC-GY SUPPLY OF SUGAR FACTORY EQUIPMENT

By Our Hong Kong Correspondent

hundred SEVERAL Vietnamese boat people were last night being accommodated in driving rain on a remote Hong Kong island because the government can find nowhere

eise to put new arrivals.

This follows a dramatic increase in the boat people increase in the boat people arriving in the colony, internationally regarded as a place of first asylum for the would be refugees. More than 2,300 have arrived in the past three days, bringing the total for May to 9,000, twice the mimber forecast by the approximent

cast by the government.
"We simply have no covered accommodation left; and it is important for the people in Vistnam to realize there is no room in Heng Kong," said Mr Michael Hanson, the government's refugee co-ordinator.
The government believes the only way to stop the new arrivals is for people in Vietnam to realise there is no welcome for them in the colony.

He acknowleged that the key problem was that the colony's legislative council was not prepared to sanction any further expenditure on the boat people. The new boat people would the new boat people would be taken to Hong Kong's Soko Islands and left on their own boats if these were seaworthy, or put ashore. They would only receive dry rations and water. "We hope they will sail on somewhere else, in which case we will mend their boats and give them food and water, in line with our established policy," Mr Hanson added.

West Bank murder shows growing threat from Jewish settlers

By Hugh Carnegy in Jerusalem

Palestinian girl in an attack on a West Bank Arab village by Jewish settlers is the latest incident in a recent wave of violence involving settlers which is causing Israeli soldiers and politicians severe dif-

According to police and army radio accounts, the 16-year-old girl was killed and two others wounded when an armed group of theological stu-dents raided the village of Kifl Harith on Monday, firing all around them in revenge for the wounding of their rabbi in a stoning attack by Arabs. Mr Yitzhak Rabin, Minister of Defence in the coalition government, yesterday condemned the attack as "an offence to Jewish values." Last night, 30 settlers were reported arrested in the search for the assailants. The raid on the village, though more serious than most recent clashes, fitted a pattern of escalating confrontation between Palestinians and the

75,000 Jewish settlers in the

occupied territories. In recent weeks there have been dozens of cases of settlers smashing Arab property and often opening fire in retaliation, usually for having their cars pelted with rocks and stones.

General Dan Shomron, the army chief of staff, has complained that the resources he has to deploy to deter settler violence in the troubled Hebron area could otherwise be used against the Palestinian

Worryingly for the army,

there have been a few cases of physical confrontation with settlers, notably when a group attacked a general who had seized a pistol from one of their number.

Government ministers, including Prime Minister Yitzhak Shamir, have been quick to condemn settler attacks on the army and have called on the settlers not to take the law into their own hands. But the settlers say the authorities are not doing enough to protect them from Palestinian attacks. They call for abandonment of the gov-ernment's peace plan, which they regard as a road to the end of Israeli control over the territories, and a much tougher crackdown on the intifada. It is here Mr Shamir faces an awkward dilemma. The settlers have made common cause in their stance with hardliners in his Likud bloc, led by Mr Ariel Sharon, the trade and industry minister, who are mounting a serious challenge to the peace plan and its proposal to hold

elections in the territories. Mr Shamir has always been a strong advocate of Likud sup-port for Jewish settlement of the West Bank – or Judea and Samaria as they are known by their biblical names — as a his-torical right and as a buttress

to Israel's security.

But he is now caught between this and his need to hold the support of his Labour partners in government and, crucially, the US, if his peace plan is to have any chance of

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The much-publicised request by Mr. Robert Mosbacher, US Commerce Secretary, for "a seaf at the table" of EC 1992 negotiations was "maybe overstated a little", but represented

stated a little", but represented a bid for more transparency in the talks, born out of concern in the US business community over a "Fortress Europe".

Before leaving for talks with the Organisation for Economic Co-operation and Development in Paris this week, Mr Mosbacher said he wanted "an opportunity to get some knowledge about what kind of standards they were setting dards they were dards they were setting

what they were doing to allow US companies in.

Mr Mosbacher, who is emerging as a major voice in economic policymaking in the Bush Administration, said: "It was a good phrase because it got their attention. I didn't mean to presume to tell the EC what they should be doing.

"We ought to have the right at least to find out what's going on. We're the biggestcountry customer and tust as if I were selling any product any-where, I'd try to keep my higgest customer informed of what I was doing."

US officials have expressed

resentment over the failure of the EC to allow US representatives to listen to the discus-sions, particularly on product standards, in order to have access to the positions of the various governments.

They point to the openness of discussions over last year's US trade legislation and argue that EC companies are allowed representation in organisations throughout the US which-set

Concern generally centres on three areas: product standards, local-content and rule of origin restrictions, and lack of national treatment.

Mr. Mosbacher said the Administration has under consideration proposals to increase US representation in Brussels to keep a more watchful eye on the talks. Of the 700 American officials in the EC covering political and economic issues, only 25 professional staff are assigned to Brussels and none represent the Commerce Department.

The Secretary wants to get information to US businesses which cannot afford a European presence and may later face product standards they

US fighter parts orders

EGYPT has been awarded two contracts worth nearly \$500,000 (£234,900) to manufacture com-ponents for US General Dynamics F-16 fighter aircraft under its recently approved status as a non-Nato US ally, Tony Walker reports from

The Arab Organisation of Industrialisation (AOI) will be contractor for the manufacture of siccraft covers, fairings, support structures and bulkhead

The 3,000 items will be included in 400 F-16 aircraft to be built between 1990 and 1992 for delivery to the US Air Force and foreign customers.
The AOI was established in 1974 as a partnership of four Arab states - Egypt, Saudi Arabia, Qalar and the United Arab Emirates - to manufac-ture military equipment.

Italo-Czech deal

Lombardini, the Italian diesel-motor maker, said yes-terday it had signed a L200hn (£87m) deal with ZTS, the Czechoslovak engineering con-cern. Alan Friedman reports from Milan. The pact calls for exchange of engine compo-nents, finished products, machine tools and production systems. ZTS will be licensed to produce diesel motors.

Dispute with Japan threatens semiconductor-making equipment, writes Louise Kehoe HE escalating high tech-nology trade dispute between the US and suppliers in the world were American. Today only five are. In Japan, US equipment and material companies have seen Japan appears set to engulf one of the most critical sectors of the electronics indusof the electronics indus-try - the manufacturers of the sophisticated production equip-ment and ultra-pure materials their market share fall from more than 90 per cent in the 1970s to about 35 per cent last

The declining strength of the US semiconductor production used to make semiconductor These products represent the base upon which the entire electronics industry, now the outpment industry has been highlighted recently by the announcement that Perkin Elmer, the leading US manulargest manufacturing sector in the US economy, is built. facturer of lithography equip-ment, wants to sell off its semi-conductor production equipment operations because of low profits. They are also of great strategic importance because they determine the level of semiconduc-tor technology that can be achieved for use in weapons

and defence systems.

Until recently, there has been relatively little trade friction in these parts of the electronics industry, despite intense competition between US and Japanese companies.

US tabletty executives have its lithography business to a foreign company, there is con-cern in Washington that a US buyer may not be found and that it would force closure or its sale to a foreign business.
US trade officials recently signalled their willingness to US industry executives have long complained privately, however, about alleged Japat on the industry's problems nese unfair trade practices including dumping and illegal copying of US technology by Japanese competitors. Some US companies also claim that by including several types of semiconductor production equipment on a list of Japanese products which may become subject to punitive 100 per cent import tariffs in con-Japan maintains barriers to sales of US-made equipment. Over the past decade the US nection with a separate trade dispute with Japan over teledominance of the semiconduccommunications.

Although Perkin Elmer said this week that it would not sell

The proposed sanctions drew a flood of testimony from the US electronics industry at

tor production equipment and

materials industry has

declined precipitously. Ten

hearings in Washington this week. Sanctions, executives warned, could backfire by harming US semiconductor manufacturers who would be forced to pay inflated prices for

Tremor at the heart of US chip industry

Many feel the US electronics industry has gained little from efforts to improve market access in Japan

There is division within the US industry, however, on what alternative course of action the Government should take.

Many feel the US electronics industry has so far gained little advantage from the US Government's efforts to improve mar-ket access in Japan for other products including semiconductors, supercomputers and telecommunications equipment and that trade friction may have become detrimental to Moderates, including some of

the largest US equipment producers that have big customers in Japan, want to avoid government involvement and say the industry should be allowed to work out its own solutions

Semiconductor Equipment and Materials International, an industry group with international membership, responded to the threat of sanctions this week by forming an industry working group with US, Japanese and European representatives to address trade frictions.

The industry group said, in testimony submitted earlier in the week to the US Trade Representative, however, that it would welcome US government attention to market access problems facing its members and offered its support for bilateral government discus-

This apparent change of heart was influenced by pressure from Japanese members

of the industry group.
Sending a clearer signal to
Washington, the US semiconductor industry's "senior statesman", Dr Robert Noyce, chairman of Sematech and the inventor of the semiconductor chip, proposed a tough new approach to Japanese trade dis-

putes.
The US, he suggested, should directly target the offending industry in a trade dispute by placing immediate tariffs on apanese end products if there were alternate sources of those products.

Punitive tariffs should be graduated so that they increased each month until the dispute was resolved, Dr Noyce should be required to certify that they were not dumping their products in the US at below fair prices, and that they had not infringed US copy-

rights or patents. rights or patents.

The products of countries found to have engaged in unfair trade should be required to label their products with a warning such as "Buying this product endangers American jobs and the US standard of

A portion of the dumping duties or other tariffs collected on Japanese products should be distributed to American companies that had been damaged by unfair trade practices. he suggested. Another portion should go to the development of High Definition Television, while some should be retained by the Government to cover the costs of policing the sys

Such actions would "send a strong signal to our trading partners that the US has had enough and will no longer tolerate blatant trade inequities". For US government officials, the industry split makes a complex trade dispute even more difficult. However, the prospect of the US electronics industry becoming increasingly dependent upon foreign suppliers of critical production equipment and materials is a

strong incentive for action.

Spain to decide soon on satellite contracts

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By William Dawkins in Brussels

JAPAN'S ball bearing industry was yesterday threatened with higher anti-dumping duties on Ecu 72.6m (48m) worth of its exports to the European Com-

The European Commission announced it was investigating whether to increase the current levies of between 1.2 per cent and 21.7 per cent, imposed on large diameter Japanese

bearings in June 1985.
Its move was triggered by a complaint from the Frankfurtpased Federation of European Bearing Manufacturers' Associations, representing the eight EC producers of 30mm diameter bearings. They come from West Germany, Portugal, Italy, France, Spain and Britain. This follows a similar inquiry launched last week into imports of conical roller bear-

The companies claim Japan were Ecu 404.8m last year when imports from all countries, including Japan, fell slightly to Ecu 267.9m.

The European producers argue that the dumping mar-gin - the difference between Japanese domestic and export prices - has become so much wider over the past four years that the present levies no lon-ger provide adequate protec-tion.

Even higher US dumping duties — up to 73.5 per cent — have also encouraged Japanese

is undercutting EC bearing prices by 60 per cent, forcing them to slash their own profit margins. Total EC exports

bearing exporters to concentrate on the less heavily protected EC, the federation says.

Syria steps up search for ways to cut trade arrears

By Andrew Gowers in Damascus

SYRIA, HOPELESSLY in debt to most of its major trading partners, is stepping up a search for ways of cutting arrears with its political allies and the Soviet Union, in light of a severe foreign exchange shortage this year.

Firm

shortage this year.

Officials in Damascus say
Syria has told Moscow it will
be hard pressed for foreign currency this year and unable to
reduce a substantial imbalance
on the sterling denominated
"clearing account" through
which bilateral civilian trade is
financed. financed.

financed.

Other options to contain the debt — including further Soviet investment in Syrian joint ventures and Syrian contracting in the Soviet Union— is being discussed with Mr Alexander. Zotov, Soviet Ambassador to Damascus.

The talks come against a Ambassador to Damascus.

The talks come against a background of attempts by Moscow to put its overall relationship with Syria on a new footing, with more formal political consultations and the prospect of eventual Soviet pressure on Damascus to join in Middle East neace moves.

Middle East peace moves.

Syria's debts to the Soviet Union are estimated by West-

ern diplomats at about \$14bn of which the vast bulk is mili-tary, arising from Moscow's crash programme of weapons supplies to Damascus in the early 1980s.

Soviet civilian trade with Syria has traditionally comprised a substantial degree of barter, But in reducing Syria's sizeable "overdraft", the problem lies in finding potential

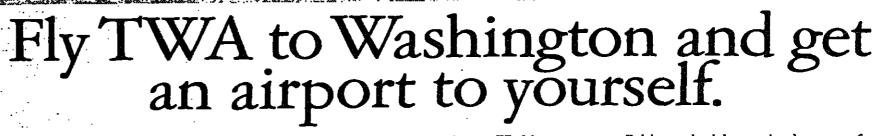
Syrian exports.

Despite Moscow's close ties Despite Moscow's close the with Damascus, this is not dissimilar to the difficulties of a number of Western countries, which have virtually despaired of obtaining billions of dollars in trade arrears. Options being explored by the two governments include:

 Arrangementa for Syrian state construction enterprises to bid for Soviet contracts. These have borne fruit this year in a £7m contract between Syria and Moscow for construction of three hotels in the

Soviet Union;

• Additional Soviet investments in Syrian manufacturing and exporting joint ventures. But there appears to be no great enthusiasm in Moscow for investing in Syria.



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For the best of America

By Peter Bruce in Madrid

MADRID is likely to decide
soon on how to award conprogrammes to Latin America, and the Spaniards want to do so during this banner year. tracts for the country's first satellite system, Hispasat, According to recent reports, scheduled to go into service in which the Transport Ministry has not confirmed, the final 1992 at a total cost of Ptas 43bn (£217m). contract race has come down to Hughes or the Matra consor-tium, which includes British Two European consortia, led by Matra of France and West Germany's Messerschmitt-Bol-Aerospace, Fokker and a numkow Biohm (MBB), and Hughes ber of smaller high-technology of the US are final contenders Spanish partners. for the contract, which will They have offered Spanish build two satellites for orbit industry 30 per cent of the production work, with most going and one to be held in reserve. The programme, to have started with a first launch in 1991, has been dogged by to the state-owned aerospace group, Casa. MBBs group, which includes Alcatel and Aerospatiale, is offering marmostly political delays, and a final decision may be put off even further. Local industry ginally more work to Spanish has complained a 1992 deadline Hispasat will deploy three direct broadcasting TV chan-nels for Spanish viewers, one will not leave it much time to organise effective participation in construction of the satelfor Latin America, five for tele-Spain will be hosting the communications, and one for Olympic Games and the military use it will be owned world's Fair in 1992, which is and operated by various state also the 500th antimersary of agencies, including the Columbus' discovery of American TV network, the tele-V18 75 14 ica. One channel on the new phone monopoly, and the satellite will be able to beam industrial holding company. Japan ball-bearing industry may face higher EC duties

Company Control Control

Argentina reaps a harvest of anger

By Gary Mead in Buenos Aires

BOMB attacks yesterday in Buenos Aires underlined the danger now facing Argentina of a destabilising social that he would be "very hard" in his final months of office, fighting the "rabies of financial speculation" which he

upheaval.
Five and half years of procrastination on necessary economic changes by President Raul Alfonsin's Radical government have led not simply to a collapse of the administration but have brought the country to the verge of a breakdown in democratic

The present power vacuum, which has existed for many months as Radical legislation has been blocked by a Peronist-dominated Congress, sharp-ened on May 14 when Mr Carlos Menem, the Peronist candidate, won a clear mandate in the presidential elec-tion. But, according to the constitution, he is not due to take office before December. The next six months - or even six days - could be crucial for

Argentina's chances of surviv-ing under civilian rule. Mr Menem has not only refused to take power earlier than December. He and his than December. He and his advisors have also rejected outright an emergency economic programme formulated by the Radical government and announced last Sunday evening. Calling it a "war economy" plan, President Alfonsin said in a nationwide broadcast in the surface of \$1.\$ All other currency trading is now illegal. But all that means is that black market operators have immediately returned to business, offering 250 australs to \$1.\$ Capital flight, insecurity and panic took less than two days to re-gather strength.

described as being the root

cause of the country's crisis.

The president has failed to act on the essential cause of Argentina's hyper-inflation, now racing into overdrive at more than 70 per cent a month. His government was told last August by its foreign creditors to cut state spending before he could expect any further loans. This warning was ignored and taxation only enough to cover 40 per cent of its monthly

On Sunday, Mr Alfonsin, gave a new and shocking defi-nition of "reasonable" economic management: an annual average inflation rate of 400 per cent, as was the case in 1988. "Till five months ago the economy was doing reasonably well," he said.

After a brief one-month dalli-ance with a free-floating exchange rate, Argentina has gone back to a government-fixed rate, of 175 australs to \$1.

An almost complete lack of confidence in any political party has given rise to a run on the US dollar, as people of all walks of life have tried since January this year to

Between June 1988 and January 1989 the austral held relatively firm, sliding from 10 to 18 to \$1. Since January it has collapsed, finishing trading on May 19 at 220:\$1. Exporters and importers have been thoroughly confused by a welter of "new" economic plans, tinkerings with exchange rate policy and duties, and three economy ministers since February.

Lack of confidence is fuelled by repeated inability to tackle the public sector deficit. These deficits were traditionally financed by obliging foreign creditors who, since April 1988, have refused to sanction further subsidy of a public sector which in 1987 lost a daily \$8.5m and last year probably per-formed similarly.

A lame-duck administration,

coupled with a government-in-waiting demonstrably reluctant to test itself, has brought about a swift and perhaps irreversible deterioration in Argentina's social, economic and political life. The result is now to be seen on the streets of

Behind this looms the presence of a disgruntled army. It

is perhaps unfair to describe senior officers as now walking round the city with a certain spring in their steps and smirks on their faces, but an air of "I told you so - what can you expect from civilians

the country. On Monday General Fran-cisco Gassino, who as army chief of staff faces considerable pressure from rebel officers under the ideological leadership of the virulently nationalist and anti-Radical Colonel Mohamed Ali Seineldin, made a remarkable speech which for many indicated an historical turning point.

who preach democracy?" is

hanging over barracks around

argued that the anti-subservice military action of the 1970s, military action of the 1970s, when as many as 9,000 Argentines disappeared, was "just and necessary", and the response of a "society under siege", preventing the "violent take-over by a bloody and despotic power-structure was totally opposed to Argentine feelings and traditions". Most pointedly of all he attacked "the ingratitude of those who benefitted" from the army's

Marking Army Day, Gen Gassino gave a passionate promise that the army will make its "contribution in whatever way possible". He

activities against guerillas in the 1970s.

Brazil readies credit and speculation curb

By Ivo Dawnay in Rio de Janeiro

THE BRAZILIAN government is preparing a new consumer credit squeeze, measures against speculation in gold and dollars, and a tighter fiscal policy amid fears that inflation could top 15 per cent in June.

The package, expected to be formally announced this week, comes as economists at the Finance and Planning Ministries were revising upwards forecasts for the year-end public sector deficit in anticipation of a visit by International Monetary Fund assessors.

Many independent economists are now predicting that the need to service Brazil's burgeoning internal debt will force the deficit, originally targetted at zero, beyond 8
per cent of gross domestic product, against
4 per cent last year.
Under its \$5.2bn foreign debt reschedul

ing agreement, concluded last September, Brazil agreed to hold its deficit down to 2 per cent of GDP in 1989. Failure to meet this target will require a waiver from the IMF before commercial banks canrelease the final \$600m tranche of credits agreed

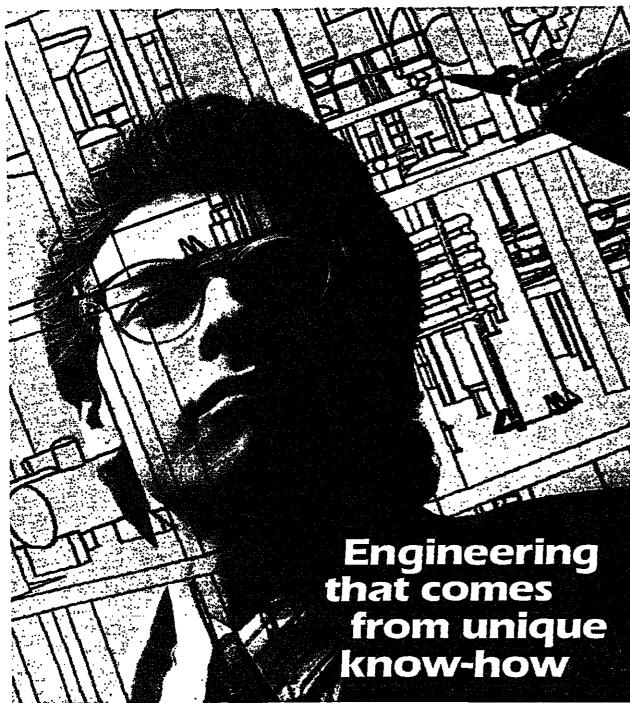
Despairing business people in Brazil fear, however, that the country is now closely following Argentina down the path to economic catastrophe. As Mr Mailson Nobrega, Finance Minister, attempts to lift the price freeze imposed last January, inflation is resuming a pattern that last year gave price rises of 934 per cent.

The only bright spot on a gloomy economic horizon remains the trade surplus, which is estimated at about \$5.6bn in the first quarter, giving a projection for the year of between \$16bn and \$18bn. Farm output is expected to reach new highs, with the grains harvest now coming in

expected to exceed a record 70m tonnes. But many economists believe that efforts to squeeze credit will have little efforts to squeeze credit will have little impact in cooling sales while consumers have little confidence in holding sums in the Brazilian currency, the new cruzado, in savings accounts. "Nobody wants to make loans, and purchases are being made in cash," Professor Celso Pastore, a former Central Bank president and now a commercial bank president and now a commercial bank consultant observed. mercial bank consultant, observed

As savers have abandoned the local currency, rates of the dollar in the unofficial market have shot up to as much as NCz 3.20 - nearly three times the official exchange rate. This week the commercial banks have pushed up interests paid on 60-day paper (CDBs) to the equivalent of over 700 per cent a year. But one banker said that there was virtually no demand for anything but very short-term loans and leasing business. "We are surviving by making our money on the float in people's accounts," he said.

Behind much of the growing alarm lies provisions in the new constitution have created a huge shortfall in the social security fund which provides pensions and other benefits. Economists calculate that if a Congressional decision this month to raise the official legal minimum salary by 47.5 per cent to NCz120 a month is not reversed, the fund could be more than NCz18bn (\$15.8bn at official rates) in the red by the year-end.



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ENGINEERING PLASTICS **ENGINEERING**

US appeal stirs fears of financial intrusion

By Anatole Kaletsky in New York

A US court decision to attach \$12.5m of assets belonging to the New York branch of Standard Chartered Bank will be subject to a legal appeal this morning in a precedent setting case which has stirred new concern around the world about intrusion by US courts into financial systems abroad. The implications of the case

for international banking are considered so serious that the Federal Reserve Bank of New York will be backing the legal arguments made by Standard Chartered against what it sees as excessive zeal of the US courts and the Securities Exchange Courtless

Exchange Commission.

The SEC has been seeking to attach the Standard Chartered assets in connection with last year's insider trading prosecution against Mr Stephen Wang, a former analyst at Morgan Stephen Wang was con-Stanley. Mr Wang was sentenced to three years in jail after pleading guilty to passing on inside information to Mr Fred Lee, a Taiwan-based

investor.

But Mr Lee, who was said by the SEC to have made profits of about \$19m from the illegal scheme, rejected the SEC's jurisdiction and failed to mount a defence in the US courts against the agency's demands for compensation and civil penalties. Because its lawsuit was civil, rather than criminal, the SEC could not demand Mr Lee's extradition from Taiwan. from Taiwan.

So the SEC obtained a judge ment against Mr Lee and, because he did not have sufficlent funds in the US to meet

the transfer in the US to meet it, argued for the attachment of his worldwide assets.

However, instead of asking the Hong Kong courts to freeze these assets, the SEC sought an order from the US courts against Standard Chartered. against Standard Chartered.
Last Angust, the Federal District Court of New York surprised the international banking community by accepting
the SEC's request for a freeze
against the New York branch
of Standard Chartered, despite
the fact that the bank was in
no way involved in the insider
trading case. It was this trading case. It was this unprecedented action which provoked concern in the inter-enational hanking community and the Fed.

The Fed, in its brief submit-

ted for this morning's hearing by the US Court of Appeals, argues that the District Court's decision had "tended to erode the clarity required in the world's financial markets", created uncertainty about the legal status of all offshore bank accounts, led to eign governments and might well have motivated potential investors to avoid dealing with multinational banks that had

branches in the US.
Officials and lawyers
involved in the case said they knew of no previous case in which the US courts had tried to exert such sweeping powers over bank deposits abroad. They predicted the appeal might take several months.

By David Owen in Toronto

MR JOE GHIZ and the ruling

Liberals swept to a resounding victory in the Prince Edward Island election, capitalising on

antipathy in Canada's smallest province towards the ruling Conservatives in Ottawa.

The party won 30 of the 32 seats at stake in the contest and 60 per cent of the vote.

Canadian Liberal win

the Reagan administration FELLOW Democrat once said of Congress-man Tony Coelho that when a number of the former President's top aldes resigned in ethical disgrace. The current scandals conhe had one foot in the fast-lane and the other on a banana cern the ways congressmen raise the huge sums of money A master fund-raiser and

parliamentary tactician, Mr

Coelho, along with Mr Jim

Wright, Speaker of the House of Representatives, carried the Democratic Party's fight

against President Ronald Rea-

cratic majority in the House

ruthlessly, curtailing debate and imposing a rare discipline

"We halted the Reagan revo-lution in its tracks," Mr Coelho

from Washington state, is expected to move up to become Speaker. Mr Richard Gephardt

of Missouri, the 1988 Demo cratic presidential candidate with a protectionist trade bent,

is strongly favoured to succeed

is strongy lavoured to succeed
Mr Foley as majority leader.
Several other posts, including
the majority whip's job, will be
fiercely contested.

It has become fashionable to
portray Mr Wright and Mr
Coelho as victims of a Republi-

control as victims of a Republican ethics crusade sweeping Washington. Mr Wright's original difficulties stem largely from a shady book deal. The Speaker's staff arranged for bulk sales of a cut-and-paste collection of his speeches to commissions, such as the

organisations such as the Teamsters Union in return for inordinately high 55-per-cent

royalties. In Mr Coelho's case, the

sums of money involved were smaller, less than \$6,800 profit

on an original investment of

What is striking about the Wright and Coelho cases is

how a combination of partisan Republican attacks and sus-tained press investigation have

combined to raise questions less about individual morality

than about the way the legisla

ture conducts its business Such scrutiny has in the past been reserved for the executive

branch, most notably with the

Watergate scandal and, recently, the "sleave factor" in

The opposition Conserva-tives under Mr Melbourne Gees were reduced to two seats and 36 per cent of the vote. In last November's federal

election, the province returned four Liberal MPs. Since then, Ottawa has unveiled plans for

the closure of the island's only

\$100.000.

on their own members.

It is tempting to view the demise of Wright and

Fall of men who tamed

the Reagan revolution

needed for campaigning, US-style; both Mr Wright and Mr Coelho slipped up when it appeared they were cashing in on their connections, an understandable temptation for both men who came from modest backgrounds in their respec-tive Texas and California and, who like their fellow lawmakgan between 1986 and 1988 in the 100th Congress. Together, the two men used the Demoers, have not had a pay increase since 1981.

Mr Coelho was the epitome of the modern politician, a man who owed his rise to power, like Lyndon Johnson, to his position as head of the Damo-



Wright poised at the exit

cratic congressional campaign committee, the main and raising body for the party. He turned money-raising into a science, combining the latest computerised mail-shots with old-fashioned arm-twisting. His genius was to spot that Democrats could make just as good a sales-pitch to corporate donors as Republicans.

as Republicans.
"Ronald Reagan may control
the White House and the Senate," he used to say, "but Democrats control the House."

It worked. The Democratic Party – which in the 1980 land-slide looked as if it might be swept away by Mr Reagan's conservative Republicanism — not only survived, it prospered. In 1986, thanks again to first-rate fund-raising, the Democrats regained control

Coelho as a turning point, writes Lionel Barber of the Senate and therefore Congress. Together the House and Senate fought President Reagan to a standstill, winning funds for highways, clean water, welfare reform and

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THE PARTY OF THE P

blocking his dearest foreign policy goal – military aid to the Contras. the Contras.

Throughout this period, Mr
Coelho described himself as a
Robin Hood figure, robbing the
rich corporate donors to pay
for the reform programmes
sponsored by the Democratic
Congress and Mr Wright who
dreamed alond of emulating
his fellow Texan Sam Rayburn
as the most powerful and as the most powerful and respected Speaker of the cen-

tury.

It is tempting to view the change in the House Demo-cratic leadership as a political turning point. The partisan-ship of Coelho-Wright is likely to be replaced by a more conciliatory style favoured by Mr Foley, heralding a new era of coalition government with power shared between the Republican White House and the Democratic majority in

Congress.
"Foley will compliment George Mitchell (the new Senats Democratic Majority leader) superbly," says Dr Jim Thurber, a congressional expert at American University

in Washington. This analysis may, however, this analysis may, however, be a little too coay. House Republicans, led by Mr Newt Gingrich, the improbable nemesis of Mr Wright, believe they have discovered a winning election message, which is that Democrats have become institutionally correctly after comtutionally corrupt after com-manding a majority in the House for 34 years. Mr Gingrich wants to run

the 1990 House elections with a campaign slogan of wresting power from incumbents and handing it back to the American people.

Mr Lee Atwater, once President George Bush's campaign manager and now chairman of the national Republican Party, is showing interest; so too is Mr Ed Rollins, the \$250,000-a-year strategist hired by the National Republican Congressional committee.

If the ethics crusade continues, Mr Bush will have to decide whether to stand up to the conservative right or risk losing his much-vaunted bi-

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17 JULY 1989

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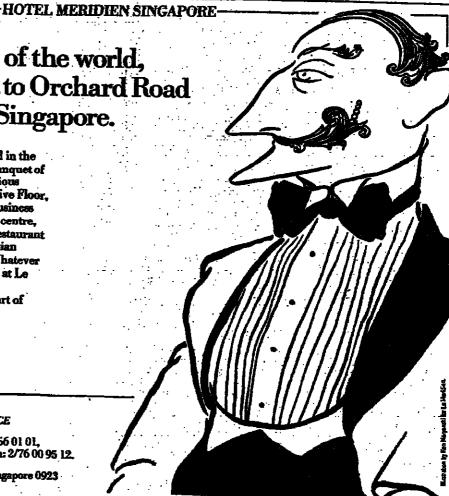
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Communist

overhauled

'for 1990s'

BRITAIN'S small but vocal

BRITAIN'S small but vocal
Communist Party will today
signal a radical overhant of its
traditional class-based
approach to politics so as to
meet the economic and political "realities" of the 1990s.
In a draft manifesto published with the latest issue of
the monthly magazine Marxism Today, the Communist
Party of Great Britain calls for
the establishment of a broad
alliance of left-wing groups to

alliance of left-wing groups to

and "correption" of East Euro-pean socialist states. The manifesto, described as

the most important document produced by the 8,000-strong party since 1978, says its tradi-tional emphasis on class divi-

sions and on state intervention

and planning should give way to a much broader view of

By Philip Stephens Political Editor

policies

Former premier Heath takes lonely stand against Thatcher deepens Tory row over Europe

By Philip Stephens, Political Editor

Government's embarrassment over repeated attacks by Mr Edward Heath on Prime Minister Margaret Thatcher deepened yesterday as the former premier became embroiled in a public row with the Conservative Party chair-

Mr Heath accused Conserva-tive Central Office of attempting to "gag" him during the rest of the campaign for the European Parliament elections by persuading local parties to withdraw invitations for speak-

ing engagements. When Mr Peter Brooke, the party chairman, vehemently denied the allegation, Mr Heath said that he either did not know what was happening in his own office or he was "Iying." Mr Brooke responded:
"I am not a liar and never have been," adding that Mr Heath was wrong and had been "over-hasty" in his judgments. The allegation, which fol-lowed Mr Heath's stinging attack at the beginning of the week on Mrs Thatcher's refusal

be in effect expelled from the party at Westminster.
Mr Heath's apparent determination to ignore appeals to moderate his stance also prompted several strong reac-

to embrace European integra-

tion, brought calls from several Conservative MPs for him to

tions from senior ministers and former colleagues.

Mr Douglas Hurd, the Home Secretary, said that the former Prime Minister's descriptions of Mrs Thatcher's approach as patronising and hypocritical went beyond what was either fair or correct. Lord Whitelaw, the former deputy party leader who served under Mr Heath in the Conservative government of 1970-1974, said he was "deeply upset" about the attack on Mr Brooke.

Mrs Thatcher, who was in trussels for the Nato summit, tried to brush off the row, while other senior Conservatives emphasised that Mr Heath was now virtually iso-lated among the Government's supporters at Westminster.

There was private acknowledgement, however, that the well-publicised dispute looks certain to confuse supporters and further damage the Conservatives in the European elections. Party leaders already appear resigned to losing about five seats to Labour and there are fears that that figure could rise further.

Mr Heath, however, appeared unrepentant, saying his office had clear evidence that a dirty tricks campaign was being waged against him by central office.

Brent oil pipeline reopens after six-week closure

THE BRENT oil pipeline system resumed operation yes-terday after a six-week closure caused by an explosion at the Cormorant Alpha platform in the North Sea.

The blast caused the stoppage of about 470,000 barrels a day of UK oil production. Cormorant Alpha, which is operated by Shell Exploration and Production, a joint venture between Shell and Esso, served as a pumping station for several fields in the area.

stages, began yesterday with oil being pumped from the Dunlin platform. It will by-pass the system

pump station located on the Cormorant Alpha platform. That station is expected to

go into operation at the end of this week, although oil produc-tion at the Cormorant platform will not resume until the end of July, Shell said.

Brent crude oil prices had risen sharply on news of the system shut down, but they

rs Margaret Thatcher has had plenty of experience of attacks on her policies by Mr Edward Heath since she wrested the leadership of the Constraint Power from him after the party from him after the par-ty's two election defeats in 1974.

So the official reaction to the Mr Heath's latest series of vitu-perative onslaughts on Mrs Thatcher's policies towards Europe has been one of unsurprise and calculated disregard.
"We all know Ted," was Mrs
Thatcher's comment yesterday.

After all, the message from the Prime Minister's office runs, Mr Heath's regular and frequently sharp criticism over the years of the Government's social, economic and regional policies have had no impact on voters, so there is little reason to worry about his views on Europe

Mrs Thatcher has won three elections for the Conservatives — the same number that Mr Heath lost — is the implicit afterthought. Conservative party managers would like to dismiss his attacks as "sour grapes." The best way to "neutralise" Mr. Heath, one said yesterday, was

to ignore him. As the personal nature of his intensified, Mr Heath has from the Conservative main-looked increasingly isolated at stream. Westminister.

The natural support among MPs of a former leader is anyway small. It is the prospective leaders, with the potential to offer jobs and promotion, who tend to attract significant and open followings. Mrs Thatch-er's 15-year grip on the party

Philip Stephens examines the Conservative isolation of the

former prime minister following his attacks on Mrs Thatcher's policies in the European Community

has meant that even those are

relatively modest.

The criticism Mr Heath faced yesterday from two former aides and friends — Mr Kenneth Baker, the Education Secretary, and Mr Douglas Hurd,

Both ministers appeared to be speaking more in sadness than in anger and there was a suspicion they had been delib-erately put up, if not pressur-ised, to rebut his attacks. Mr Heath claimed they were "terrified" of Mrs Thatcher.

It was also clear, however, that those Conservative MPs and there are no more than perhaps a dozen - who are known to remain strong public supporters of Mr Heath were eping their counsel.

While his enemies — de-manding that Mr Heath be effectively excluded from the party at Westminister — were queuing up to attack him, there was little sign of support. That was due in part to Mr

Heath's startling attack on Mr Peter Brooke, the Party Chair-man, over the cancellation by a number of local Conservative associations of invitations for him to speak during the European elections campaign. As one of Mr Heath's col-

leagues commented, it was easy to believe that Conservative central office was discouraging local parties from issuing invitations but it was quite the Home Secretary, under-lined his increasing separation another to imply that Mr Brooke, had been lying.

Lord Whitelaw, who sup-ported Mr Heath against Mrs Thatcher in 1974, summed up the mood when he described himself as deeply "upset" over

the accusation. Mr Heath, however, cannot

be ignored. The television crews and reporters camped outside his house in central London yes-terday attested to the fact that

Heath: alone in the party

even after 15 years, an attack by a former prime minister on the present incumbent of 10 Downing Street is

And Mr Heath has chosen his subject carefully. As the Prime Minister who took Britain into the European Community, he was in a pow-erful position to expose the split in Conservative ranks

over Europe.
His passionate federalism is not shared by the bulk of the Conservative Party, but his. conviction that Britain must grasp enthusiastically the opportunities presented by closer European integration strikes a chord among a broad

swame of arts.

Mrs Thatcher's refusal to take up full membership of the European Monetary System, the stridency of her attacks on Brussels, and a growing con-cern that Britain might be left behind in a two-speed Europe have generated sympathy for many of Mr Heath's sentiments if not for his style and tactics. Then there is timing. The

approach of the elections to the Strasbourg parliament on June 15 has ensured unusual inter-

15 has ensured unisual interest by the media in all things European, and Mr Heath has grabbed the opportunity.

Mr Heath may find himself a virtual outcast among his colleagues, but, unless the media decide unexpectedly to "drop him", he will continue to be beard.

to a much broader view of left wing politics.

It acknowledges that markets as well as planning have a role to play in the efficient creation of wealth, and argues against clavish adherence to either system.

Mr. Gordon, McLeonau, the party's general secretary, said yestersby that the manifesto was an affering to face up to the political residies of the 1960s and 190s.

Othe UK Green Party, mean-

OThe UK Green Party, mean-while, claimed the electoral system in the UK will prevent system in the tin with prevent it winning any seats in the elections to the European Par-liament on June 15.

Ms Sara Parkin, co-secretary

Ms Sara Parkin; co-secretary of the European Green Parties, predicted, however, that throughout the other EC countries, which have proportional representation instead of the UK's first-past-the-post system, the Greens would win a total of it least 20 seats. That would increase their representation. increase their representation from the present nine seats.

"Although the British party is on a par with our collect in other countries we just don't get the seats because of the unfairness of the system,"

Output to lead growth in 1990s

By Ralph Atkins, Economics Staff

BUOYANT manufacturing output will lead UK economic growth in the early 1990s, com-pensating for a relatively sluggish performance by service industries, according to a report published yesterday.

Financial businesses, particularly banking and finance, will see the sharpest slowdown within the service sector, said Oxford Economic Forecasting. The construction industry is expected to be badly hit in 1990 as high interest rates curtail investment plans and the housing market but then recover in line with the rest of the econ-

In manufacturing, motor vehicle and aerospace industries are expected to perform well in the next four years with exports providing the main driving force.

The forecasts are based on a sectoral model of the economy developed by OEF and spon-sored by the Department of

National Economic Developthree companies in their aim of ment Office. The model includes 91 sectors.

OEF says lower consumer spending growth and the running down of stocks by compa-nies will result in overall economic growth dropping from about 4 per cent last year to less than 3 per cent in 1989. A growth rate of 1.9 per cent is expected in 1990, rising to 3.5 per cent in 1991.

Manufacturing output is expected to be hit by the slowdown next year before recover-ing strongly. A fall in the pound will increase international competitiveness while a pick-up in consumer spending and investment will also boost

The report's outlook for the

motor vehicle industry takes account of investment in plant and machinery by overseas companies such as Nissan. Peugeot and Toyota.

selling much of this increase production overseas, and we see output growth of over 10 per cent in 1991 and 1992 and export growth of nearer 20 per

The report says the last four years have seen exceptional growth in financial and business services with the average annual growth rate exceeding 9.5 per cent. However, it notes that the 1987 stock market crash have led to redundancies and reorganisation at many City of London institutions while competition in banking has intensified.

Growth in business services is expected to slow from 11 per cant last year to 5.3 per cent in 1989 and 2.1 per cent in 1990. A modest acceleration is forecast for 1991.

Industry Forecast, May 1989.

Ceiling on pension earnings attacked

By Eric Short, Pensions Correspondent

IF THE UK Government proceeds with its proposals in the Finance Bill to introduce a ceiling on earnings for pension tax purposes, it would consti-tute of breach of undertaking and be an act of dishonour, according to a financial pressure group.

The accusation comes from the National Association of Pension Funds in a pamphlet* on the pension proposals in the

There was widespread dismay throughout the pension industry when Mr Nigel Lawson, Chancellor of the Exchequer, introduced a \$60,000 celling on earnings for pension tax purposes in this year's budget, and announced that this cell-ing would be revalued in line with price increases.

to pension scheme taxation, saying that an increasing num-ber of employees will be

affected in time.
It calls for the support of the Trades Union Congress, the union unibralla body, in opposing the ceiling, saying that "in time ordinary working people will find they are losing out."

Mr Norman Lamoni Than-cial Secretary to the Treasury, replying to the criticism, has argued to date that since only a small number of employees is affected. It is not such a fundamental change. The industrial implication is that this is the end of the matter.

* Truth, Honour and Democ

racy - The Finance Bill 1989 available from the National Association of Pension Funds, 12/18 Grosvenor Gardens, Lan-

Oxford Economic Forecasting, Templeton College, Kennington, Oxford, OX1 5NY. The start-up of the system, which will be carried out in have eased back in recent The pamphlet argues that this is a fundamental change It says: "The depreciation of don SWIW ODH, price 75p. said Ms Parkin. Trade and Industry and sterling is likely to help all Montevideo Bogota Guayaquil -Caracas 9(110)110 San Jose San Juan Managua Guatemala Santo Domingo Havana Mexico -Los Angeles Miami Chicago New York -**Montreal**



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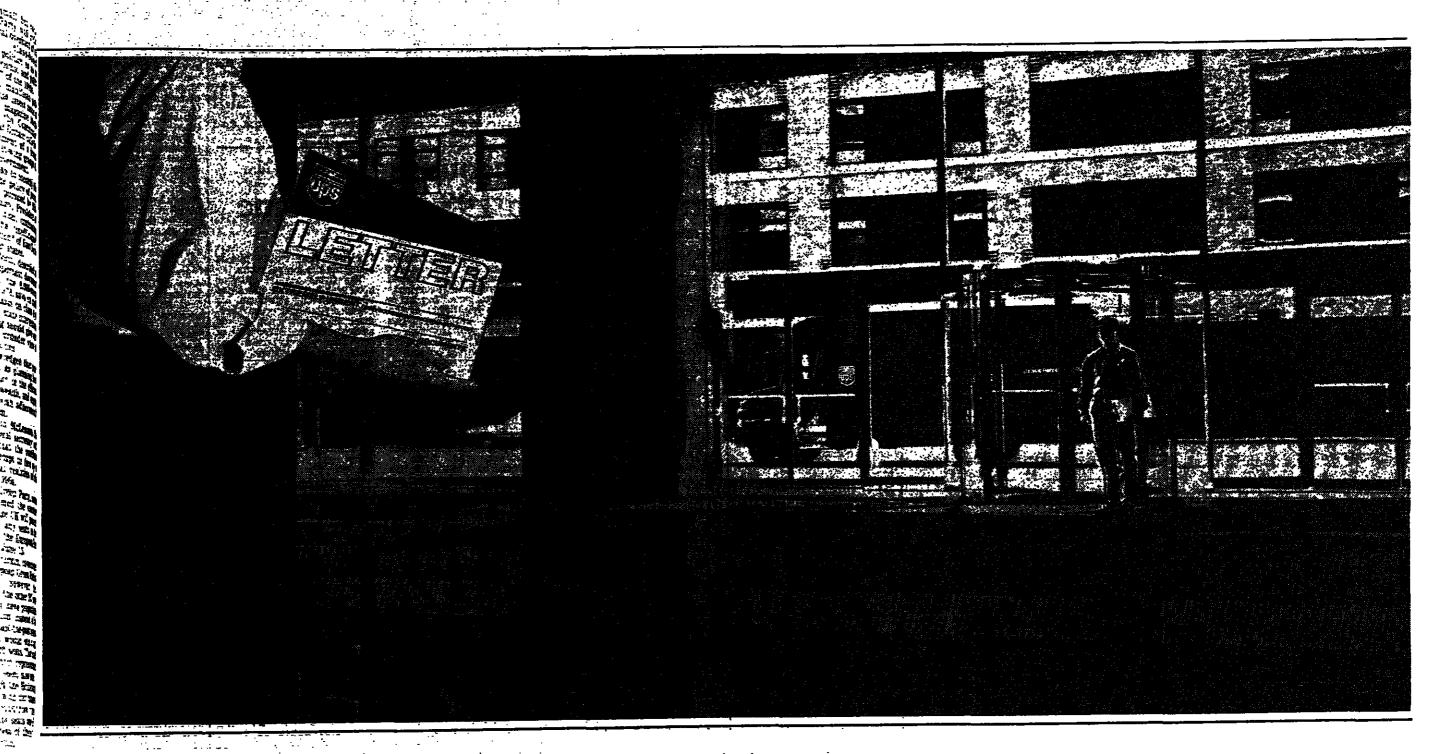
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before June 30th, Copenhagen or Stockholm before July 18th, and

The continental chambers studied enjoy a reputation as bodies to which businesses are

nal market from the London Chamber of Commerce, 69 Can-non Street, London ECAN 5AB.

UK NEWS

Car output forecast to rise to 2m

By Kevin Done, Motor Industry Correspondent

UK CAR production is expected to rise to about 2m a year by the mid-1990s, leading to a radical improvement in the UK motor industry trade balance, a leading industry

spokesman said yesterday. Mr Simon Foster, director of the Society of Motor Manufacturers and Traders (SMMT), the motor industry trade asso-ciation, said car output has recovered steadily over the past two years from the recession in the early 1980s. Motor industry leaders are becoming increasingly confident that the UK industry's fortunes, alded

by the growing output of Japa-nese vehicle makers, can be transformed during the 1990s,

The industry has been a leading contributor to the rapid deterioration in the UK balance of trade, but the SMMT believes that increased car output could help virtually to eliminate the industry's \$6.11bn trade deficit last year by the mid-1990s.

UK car production increased last year by 7.3 per cent to 1.28m, the highest since 1977 and a 38 per cent improvement from the 888,000 cars produced

By Richard Waters

THE UK's largest accountancy firms yesterday reported strong fee income growth for 1988 and said there was no

indication yet of any slowdown in activity among corporate cli-

Many smaller firms, how-ever, saw little growth once fee increases due to higher sala-ties were taken into account.

In their role as financial

advisers and management con-sultants, accountants are close

to many companies' invest-ment decisions, making them a useful barometer of corporate

Fee income growth for the "Big Right" firms, which co-ordinate the publication of their

financial results, was broadly in the 20-30 per cent range. This matches growth rates

in 1982, when car output in the UK by the mid-1990s. slumped to its lowest level Nissan is already committed. since the late 1950s. Car output is still well below the peak of 1.92m reached in 1972, but the SMMT believes

that this total could be exceeded by the mid-1990s. Car output in the first four months of the year jumped by 13.6 per cent to 476,462 - a trend which could mark output for the year. could push output for the year to more than 1.4m.
The UK motor industry

expects the three groupings of European, US and Japanese car makers each to be producing 600,000-700,000 cars a year

'Big Eight' accountants post

strong rise in 1988 fee income

throughout the 1980s, which have seen the accountants

have seen the accountants grow strongly across a broad range of professional services.

The profession's "Top 20" is one of the highlights of the accounting calendar. The changes this year include:

Coopers & Lybraid pulled ahead of Price Waterhouse in what has become an gric battle.

ahead of Price Waterhouse in what has become an epic battle for the number two slot.

Arthur Andersen, powered by continuing growth in its information technology division, leapt over Touche Ross into sixth place but falled to overhaul an anxious Ernst & Whimney Andersen, last of the big international firms to

Nissan is already committed to producing 290,000 cars a year by 1992-93. Mr Yutaka Kume, Nissan president, indi-cated recently that the company hopes to raise this to 400,000 by the late 1990s.
Toyota is committed to
building a 200,000-cars-a-year
plant at Burnsston, in the Mid-

lands, with production begin, ning in 1992. Small increases are also expected from Ford and Vauxhall, UK subsidiary of General Motors of the US pushing their combined total in the UK to 650,000.

ing base that would put it

ing base that would put it alongside the largest firms.

The firms predict another good year in 1989, despite signs of an economic slowdown. Mr Brandon Gough, Coopers chairman, says that much of the advisory, tax and other work of accountancy firms comes from

accountancy firms comes from merger and acquisitions, which remain a strong area. With less repeat audit busi-ness than in the past and order.

books typically showing only around time months work at

any one time, however, the

accountancy firms are begin-

ning to sound cautious about the future.

students who are also working.

which are closely related to the market. The inspectors also

confound the claims of free

market theorists in the UK by

politting to a relatively large

By James Buxton, Scottish Correspondent COMPAQ, the US computer manufacturer which has its sole European manufacturing site in Scotland, claimed vesterday it has taken the second largest share of the European market for business personal computers (PCs), behind Inter-national Business Machines

(IBM).

The UK is Compag's largest market outside the US, with France second and West Germany third. The company claimed "phenomenal growth" in its international sales demanded a £25m expansion of its plant at Ersking near Glasgow for the second time since the plant came onstream in 1987. The expansion will add 450 people to the payroll of the plant, taking it to 1,080. Mr. Eckhard Pfeiffer, presi-

Compaq

PC sales

claims boost

in European

dent of Compaq Europe and International, quoted figures from Dataquest/intellient Elec-tronics, the Paris-based research institute, showing that in the first quarter of 1989 if took 10.2 per cent of the mar-ket for business personal com-puters in the seven main European countries, which account for 80 per cent of the total European market.

The figures suggest Compaq has overtaken both Apple and Olivetti though it is still behind IBM. Figures from the research institute for the European market for 1988 put Company fourth pleas helying paq in fourth place behind sheeh Olivetti and Apple. In the first quarter of this year Com-paq's total sales reached \$683m, a 55 per cent improve-ment on 1988 figures.

 Apricot Computers of Bir-mingham, which has previ-ously specialised in desktop personal computers, will today launch the first of a generation of powerful machines designed to handle the data processing requirements of entire busi-

ness departments The computers, capable of providing processing power for up to 128 workstations or personal computers connected together in a network, are thought to be the first in the world to use the latest stan-dard microprocessor from Intel of the US, the 80/436.

Chambers criticised in **UK** report

By Hazel Duffy SERVICES offered by the UK's chambers of commerce vary so much the situation is often "chaotic", claims Mr Tony Platt, chief executive of the

London chamber, in a report published yesterday. They are also substantially under-resourced compared with European chambers, hampering their effectiveness.

The London chamber, the UK's largest, has 5,000 members, an income of £3.3m a year and 140 staff. The Paris chamber has an income of nearly £150m. employs 3.200 nearly £150m, employs 8,200 people and serves a quarter of a million businesses.

a million businesses.

Paris is one of five chambers studied. Like the others — Amsterdam, Hamburg, Munich and Madrid — it provides a wide range of education and training services.

Publication of the report is aimed at opening up debate on the future role of chambers of commerce in Britain

commerce in Britain.

bodies to which businesses are automatically linked and from which they expect services. Eight of the 12 EC states require businesses to register automatically as members. The London Chamber is not recommending that the status be extended to Britain. Chambers of Commerce: the challenge of the 1992 EEC interBRITAIN will have to copy central aspects of the US college system if it is to draw more young people into higher education, an official report from the schools' inspectorate The inspectors point to the

By David Thomas, Education Correspondent

has concluded.

The report, based on a visit to nine East Coast universities and colleges last year, is likely to be widely quoted by Govern-ment ministers in their drive to reform UK universities. Mr Kenneth Baker, Education Secretary, has already

invoked the greater variety of provision in the US when their teaching to the needs of This diversity is reflected in widespread differences in the scribing his long-term plans to double participation rates in British higher education. costs of courses, in tuition fees and also in lecturers' salaries,

greater, diversity of ISS post-secondary education, a trend which Ministers are trying to encourage in the UK. US colleges are more accessi-ble because they offer wider range of courses, encourage

Education should 'copy' US methods

Government role in funding US higher education.
Aspects of Higher Education in the USA, HMSO, £3.50. ment between part-time and full-time study and adapt

big international firms to. The next year could be the establish a base in the UK, has one which puts these profesmoved inexorably up the sional services conglomerates, league in recent years, but has been unable to build the audit. The 80s, to the test

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Why mission statements often miss their aim

By Michael Dixon

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Michael Page City

International Recruitment Consultants London Paris Amsterdam Brussels Sydney EXECUTIVE career problems are so widespread in America that a magazine there hires a business-school professor to advise on them openly, agonyaum style. Or so says a reader in the United States, who neglects to name the

it so happens that such problems are far from rare east of the Atlantic as well, to judge by the frequency with which they arrive at this corner of the FT. The difference is that in most cases there would be no use

in an open reply.
The problem is typically a very specific one prompting its victim to seek a move, and to enclose a personal career history to guide the Jobs column in nominating suitable recruiters to approach. Alas, much as I would like to be able to help on an individual basis, I am

not in a position to do so. The whole business is doubly frustrating because, although unable to run to hiring a business-school professor, I have long had a sneaking ambition to try my own hand as an agony uncle. But aithough you readers often kindly respond to my requests for information and ess kindly argue with my statements, you hardly ever come up with the broader career-related questions that

would allow me to rehearse the avuncular role. Luckily, however, a rare example has just arrived from a young man living in west London. He writes:

West LORIOIL HE WILLES:

I have been offered a post involving a good step up in salary, but am put off by the firm's "mission statement".

The most definite thing it states is in the first sentence, which runs: "Our aim is to be the hest commons that amone the best company that anyone ever did business with or worked for."

worked for."

I can't help feeling it would be risky to join employers so woolly minded as to lay down such a meaningless aim. After all, if the company achieved it, how could anyone tell? As the increased pay would be welcome, though, I would value a second opinion.

There's my cue, then. So Dear Put Off of Putney,

It was thoughtful of you to type your name beneath your signature, but you needn't have added the letters BSc at the end. I had already twigged that you were a science graduate from the question you posed in your second paragraph.
Unfortunately, to reject the
aims in companies' mission statements as meaningless because they are not testable - in the sense that if they

were achieved, nobody could know - is to miss their main

point.

If you want a scholarly prarallel, you might try the offshoot of archaeology known as proxemics. Its enthusiasts typically start expounding it by asking why ruling castes of societies have historically spent disproportionate chunks of the national product on building gigantic things like building gigantic things like pyramids and such.

Then, usually without waiting for an answer, the expounders explain that all members of any society have their own sense of fitting proportion, which is largely determined by the sizes of the things they live among. Whereas the lower orders would feel outlandish at least for a time if suddenly moved for a time if suddenly moved into a mansion, the upper crust would feel hemmed in

by a semi-detached. Hence, proxemicists say, the ruling castes devised a subtle tool of social control, if they had something built vastly bigger than anyone habitually lived in, all ranks would be able to see their own familiar proportions in it and so feel comfortable, while holding the leading citizens responsible for the

excrescence in awe. If so, the theory may explain the palatial head offices of large companies. Perhaps, far from needing big buildings because they have to have so many central staff, they are motivated the

other way round. Be that as it may, though, mission statements have a similar object. While they tend to be viewed as a recent phenomenon, their prime advocate was Chester Barnard, a former president

of Bell Telephone in New Jersey, over 50 years ago. He said that their point was not to be meaningful to any of the employees in particular, but to mean all things to them all. If the statements aims are spelt out in concrete detail, various staff will soon spot that they disagree with at least some of them. But when the aims are "general, intangible and of sentimental character, the divergences can be very wide yet not be recognised."*
So the company aiming to be the best anyone ever did

business with etc seems to have heeded Mr Barnard's words. Nonetheless, it could well be undoing the good work with another hand. For there is evidence that some British followers of the fashion for having a stated

*The Functions of the Executive, Harvard 1938, Ch 7.

mission take care to ensure that most of their employees that most of their employees don't know what it is! A recent survey of 111 of them by Peat Marwick McLintock found that only 34 per cent made the contents of their statements known to all employees, compared with 46 per cent restricting them to senior management and

directors alone. How even top managers could decide to something so ludicrously daft, I cannot imagine. But if the company offering the job is one of the lunatics, my advice is to turn it down flat.

That said, Dear Put Off of Putney, whether or not you feel you have had your money's worth in return for your letter, you must surely agree that I've had mine.

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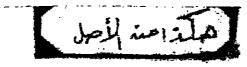
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t is 4.40 on a hot after-noon in Madrid and Luis Recio Rodriguez has just returned from lunca. Recio is the managing partner of Arthur Andersen's consulting practice in Spain. He does a lot of his business over lunch. Personal contacts mat-

ter in Spain, he says. Recio says he wouldn't dream of trying to win business by placing advertisements in newspapers, as British management consultants do. "It's not elegant. It's not profes-

British and American con-sultants might not be able to transfer all their habits, unchanged, to Spain. But that does not stop their eyes from lighting up whenever the country is mentioned. Management consultancy is booming in

Twelve years ago, Arthur Andersen had 20 consultants there. Today it employs 1,300 in five offices. Price Water-house, which began its consult-ing practice in Spain six years o, employs 550 consultants. By comparison, PA, Britain's largest consulting group, employs 1,000 consultants in its UK practice. It started oper-

ating in 1943.
"Discontinuity is always good for consultants," says a Madrid-based partner of one international firm. Spain's entry into the European Community in 1986, the impending completion of the single Euro-pean market, rapid economic growth, foreign investment, and the increasingly interna-tional orientation of Spanish companies have all fuelled the demand for consulting ser-"There's certainly a mood of economic euphoria in Spain," the consultant says. "Real estate prices have gone through the roof." Consultants based in Spain

believe that there is still plenty of business for new arrivals. It is not just a case of the demand for consulting services exceeding the supply, says Manuel Balmaseda, executive president of Hay Management Consultants in Spain. "The supply is building up the demand," he says. "If you are able to place the supply under the eyes of the clients, they

will buy it. Although Spanish companies are becoming more sophisti-cated buyers of consulting services, "the market is still not very mature." Balmaseda says. "You have plenty of bright general managers who do not know the difference between Hay and McKinsey.

Rafael Cerezo of the Boston Consulting Group agrees that



Rapid change gives consultants a boost

Michael Skapinker examines the new willingness of Spain's managers to accept outside advice

people who buy consulting services are not really clear what they're buying. The more you get into strategy consulting, the less clear they are." He says that there is still some embarrassment about using consultants to help formulate the company's strategy. Some Spanish executives think this something they should be able to do themselves.

Consultants say that there

is, at the same time, a tremendous hunger in Spain for new ideas, particularly foreign ones. This does not mean, however, that any foreign consul-tant who opens an office in Spain will automatically succeed. The Spanish consultants' distaste for newspaper advertising as a means of promotion is just one example of the traps that await firms which think they can operate precisely as they do at home.

For one thing, consultants should forget about operating in Spain unless they speak fluent Spanish. The theory much favoured by British and American businessmen - that everyone in Europe speaks English is of doubtful validity. In Spain it is simply nonsense. Many Spanish executives, including the heads of some of the country's biggest banks, speak no English.

Foreign consultants who



speak good Spanish and know the country should, however, be able to attract clients. "For a foreigner who speaks Span-ish there should be no problem," one Madrid-based consultant says. "Many Spanish clients like the idea of working with a blue-eyed, blond Viking. I've never heard of a single case of a client coming out with I won't work with this guy because he's a foreigner'." On the contrary, some local consultants give their firms English names because they believe that that is what Spanish clients prefer. Kambiz Goharriz, a British-educated

Iranian who set up an execu-

tive search and consulting firm

in Madrid two years ago,

decided to call it Harper and Lynch. "There's still the idea here that the British and Americans are more professional consultants," he says. "In Spain if it sounds foreign it must be good."

What types of consulting ser-vices are in demand in Spain? As in other parts of the world, consulting on information technology forms a large part of many practices. At Arthur Andersen, Recio says that IT cent of the firm's practice. Human resources consulting

is another growing sector. Hay's Balmaseda warns, how-ever, that it is a field which can be particularly hazardous for foreign consultants working in Spain. Large areas of personnel management, including salaries and job descriptions, are governed by trade union agreements or government regulations, many of them dating back to the Franco era.

"Everything is very regulated and many multinational companies don't grasp this," Balmaseda says. "Many Baimaseda says. Many changes that you might want to introduce will be legally impossible. You can't just say this is the right thing to do so let's do it.' If you want to start an insurance company in Spain you will find that you

are governed by a sectoral bargaining agreement. For exam-ple, you will find that you can't get people to work for you in the afternoons." Only a Spanish consultant with extensive industrial relations experience would be able to find his way through this regulatory tangle,

he says. To find staff for their firms in Spain, local consultants suggest a number of strategies The head of the firm should obviously be someone with consulting experience. Recruit-ing a consultant from a firm already established in Spain is one option. Another is to ask a Spanish speaker who already works for the firm in another part of the world to open an office in Madrid. The Boston Consulting Group's Cerezo formerly worked in the firm's London office.

To hire other consulting staff, many firms turn to business schools. Spanish speakers graduating from the top American schools are in great demand. The Instituto de Estudios Superiores de la Empresa (Iese) in Barcelona is also

highly regarded. Hay's Balmaseda suggests another group of consultants that foreign firms should try to recruit: women. He and other consultants say that Spanish clients are increasingly ready to work with women consul-tants. Some female consultants are unhappy with prospects and conditions in their existing jobs and might welcome an approach from another firm.

How should newly arrived consultants go about winning clients if advertising is out of the question? One answer is to start off by working with the local subsidiaries of established clients. Some consultants begin to work in Spain when one of their existing clients opens an office there.

Successful local consultants say that hosting a conference is a good way for a firm to advertise its name. Articles in local newspapers can also be

Despite the current mood of optimism, however, some warn that the consulting boom might not carry on indefinitely. BCG's Cerezo says that firms like his are only inter ested in clients of a reasonable size and "in Spain there are not many of those. At our end of the business I think there's enough work for everybody until the 1990s. After that would be careful about grow ing too fast."

The first article in this series appeared on May 26. The final article will be published on

Hidden assets uncovered

Michael Dixon on surprising solutions to personnel problems

hat to do about Mary
was a continual
worry to the personnel department of an international publishing company. The problem was not her work. She did her clerical job in the cashier's office as diligently as her bosses could

Unfortunately, her office col-leagues disliked working with her. She came to Britain after escaping from East Berlin, and while she speaks English well in a technical sense, her way of speaking it tends to offend English sensibilities. One frequent cause of complaint, for instance, was her habit of responding to colleagues' inquiries with a peremptory:

Meanwhile the sales ledger office across the corridor was having a different sort of trouble. Try as they might, its staff could not persuade the com-pany's Continental customers, most of whom are German, to settle their accounts in reason-

Both problems went on side by side for over a decade before someone recently had the idea of promoting Mary from the cashier's section to the job of rounding up the Continental debtors. She has since cut the average time for payment by 30 days — the equivalent of an extra £1m cash in hand — and become one of the company's most

Having discovered that a personal liability in one work

in another, Mary's single managers are keen to apply the principle more widely. But they are not kicking themselves for having taken so long to make the discovery. They recognise that the single solution to the two problems might still be eluding them if impending events in the employment market had not concentrated their minds on the work-skills available to

their company.

Like many managements, they are seeking ways of countering worsening shortages of recruits as fewer and fewer people reach an age to start work at the same time as more and more reach an age to

While the drop in eligible

while the drop in eligible young employees in Britain is steep – from a peak of 3.7m in 1983-84 to only 2.6m about five years hence with a slight upturn to 2.7m around the year 2000 – it is steeper still in West Germany and Italy. UK companies should also find the easier to input recruits. it easier to import recruits. Not only can they draw on Ireland where there is no comparable drop, but many young people in other countries are fluent in English whereas most of their UK counterparts speak no other tongue.

Even so, numerous British organisations have decided to prepare for severe shortages. Some big manufacturers are aiming to reduce their needs of human skills by importing "expert" computer systems to

setting can be a human asset replace large numbers of managers and technologists as well as operatives. In most cases the aim is rather to maintain future supplies of education-ally successful recruits at present levels despite sharpening competition. Plans include sponsoring students through their degree courses or even since the market is likely to be crowded with would-be sponsors at that stage - through sixth-form schooling.

The trouble with such measures, of course, is that they are elaborate and expensive. Moreover, in the view of Professor Keith Sisson, director of Warwick University's industrial relations research unit, they are apt to distract man agements' attention from simpler methods of countering

"For instance, companies that think they're short of skills often have them avail-able already," he says. "After all, people do all kinds of clever things in their spare time. A firm might be desper-ate for management talent without knowing that some apparent idiot on the produc-tion line is outstandingly suc-cessful at running a local club. "So one useful step is to make an inventory of employees' spare-time skills so that, given a relevant shortage, they could be offered a chance to use them full-time. My guess is that they'd mostly jump at it - to everybody's benefit."

Mary and her employers would agree.

Management abstracts

Readability of the chairman's report. M J Jones in Accounting and Business Research

(UK), Autumn 88 (9 pages)

Looks at the chairman's reports of H P Bulmer (cider) over a 25-year period and considers that they are difficult to read. Finds that they became more difficult over the years, and believes this to be because of the increasing complexity of the business environment, the growing sophistication of the reports' users, and the public flotation of the company.

The ethics of corporate restructuring, E.L. Hennessy in Directors. & Boards (US), Autumn 88 (5 pages)
Considers mere insider trad-

ing and overcharging on gov-

ernment contracts as minor misdemeanours compared with the activities of "wolf packs of corporate raiders, investor groups, and banks" who "make a few people rich and lots of people unhappy" by their operations. Condemns their for-short-term-gain activities as the "reverse of evolution" and exhorts executives to consider the longer-term implications; they will then see that risk-taking is more important than immediate gain. Safety and human error. D Lucas in Health & Safety at

Work (UK), Noo and Dec 88 (6 pages)
Examines approaches to

reducing human error as a contributory cause of industrial accidents; looks at motivational safety campaigns, disci-plinary action, safety audits, more plant automation to

reduce human input, improved training and job, equipment or procedure re-design. Stresses that no single approach can tackle all human failures although training and system re-design offer more hope than others offering limited benefits. The 36 great truths of direct marketing. M Pierce in Direct Marketing (US), Oct 88 (2

pages)
And some of the great truths are: the strongest word in the mail-order dictionary is "free"; a letter from a man (as opposed to a woman) will hieve higher attention and credibility; humour never works; and always use the word "you" in a headline. These abstracts are condensed from

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COMPANY NOTICES

THE RTZ CORPORATION PLC

NOTICE IS HEREBY given that an EXTRADROWARY GENERAL MEETING of The RTZ Corporation PLC will be held at the Empire Nepoleon Suite, The Cafe Royal, 68 Regent Street, London WITA SEL on Thursday, 16th June 1989 at 10.00 a.m. for the purpose of considering and, if thought fit, pessing the following resolution which will be proposed as an Ordinary Resolution: Al:
the acquisition of the minerals businesses, assets and investments of The British
Petroleum Company p.l.c. (other than those of BP Canada Inc. and its subsidiaries),
as summarised in the chroular deted 30th May 1989 sent to the shareholders of the
Company (the "Acquisition"), upon the terms set out in the said director or a such
other terms (including price) as the directors of the Company may consider
appropriate, and all acts, agreements, errangements and indermittee necessary
in the opinion of the directors desirable in order to effect or facilitate the Acquisition,
be and are breatly approximat.

(b) the directors be and are hereby authorised, pursoant to Article 104(B) of the Compeny's Articles of Association, to cause or permit the Compeny and/or any of its United Kingdom Subsidiaries to incur and/or permit to remain undischarged moneys borrowed in success of the limit contained in Article 104(B), provided that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and/or any of its United Kingdom Subsidiaries (exclusive of moneys borrowed by the Company from and for the time being owing to any such Subsidiary of by any such Subsidiary from and for the time being owing to the Company or enother such Subsidiary from and for the time being owing to the Company or enother such Subsidiary in the company of the subsidiary in the subsi

(d) In addition and without prejudice to such authority as may be conterned on the directors in accordance with Section 80 of the Companies Act 1985 at the annual general meeting of the Company convened to be held on 1st June 1999 or at any adjournment thereof, the directors be and are hereby generally authorised pursuant to and in accordance with Section 80 of the Companies Act 1986 to exercise for the period ending on the date of the annual general meeting of the Company falling in 1990 or on 1st September 1990, whichever is the earlier, all the powers of the Company to allot and make offers or agreements to allot relevant securities up to an aggregate nominal amount of \$11,483,705. For the purposes of this paragraph (d), words and expressions defined in or for the purposes of Part IV of the Companies Act 1986 bear the same meaning.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proutes to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy, together with any power of attentory under which it is signed, should reach the transfer cities of the Company at 1 Redollit Street, Bristol BS1 6NT not less than 48 hours before the time appointed for holding the

Notes:

1. Only holders of the Ordinary Shares or of the 3.5 per cent. "B" Commissive Preference
Shares are emitted to sitend and vote at the meeting. Completion and return of the
form of pracy will not practude shareholders from attending the meeting and voting in
person, should they so with.

2. A proxy may not speak at the meeting except with permission of the Chairman of the

A proxy may not speak at the investing except with permiseion of the Chekman of the meeting. A holder of a share warrant to bearer who desires either to attend the meeting or to exposit one or more proxies to attend and, on a post, vota instead of him will receive a ticket of admission on depositing at the Company's transfer office at 1 Receive Street, Bristot SS1 GNT, at least 48 hours before the meeting, a written request for the issue of the ticket (and, if desired, a form of proxy) together with either the there warrant or a certificate signed by a basis, stockholder or solicitor within the UK, the Channel lelands or the late of Man stating that the share warrant is in the custody of such bent, stockholder or solicitor, and will be retained in such custody until sitter the close of the meeting. If the form of proxy is to be used, it must be completed and returned to the transfer office so as to be received at least 46 hours before the meeting.

Shareholders are reminded that cameras and tape-recorders are not also

Subject to the passing of the ordinary resolution set out in the notice above, as part of the financing arrangements for the Acquisition the directors intend to raise approximately 6086 million by a 1 for 7 rights intend of new Ordinary Shares at 4359 per share to holders of Ordinary Shares on the register at the close of business on 30th May 1969 and to holders of Ordinary Share Warrants to Beaver. A turther devertiblement of plung details of the action to be taken by holders of Ordinary Share Warrants to Beaver with the published on 16th June 1960 or on such later date as the business of the above mentioned meeting shall have been completed. The circular, casted 30th May 1968, containing listing particulars relating to the proposed rights leave has been published and is swillplus from the registered office of the Company at 6 St. Jeanner's Square, London SWIY ALD and the transfer office at the Company at 6 St. Jeanner's Square, London SWIY ALD and the transfer office at the Company at 6 St. Jeanner's Square, London Swity ALD and the transfer office at the Company at 6 St. Jeanner's Square, London Swity ALD and the transfer office at the Company at 6 St. Jeanner's Square, London Swity ALD and the transfer office at the Company at 6 St. Jeanner's Square, London Swity ALD and the transfer office at the Cauchy and public holders excepted during the period of notice of the Extraordinary General Meeting and from The Companies Announcements Office, The Stock Exchange, 4570 Finstury Square, London ECZA 100 for the two days of New York and the circular.

COMMERZBANK 48

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 30th May, 1989 a Dividend for the year ended 31st December, 1988 will be paid, as from 31st May, 1989 at the rate of DM. 9.00 per share of DM. 50 nominal, against presentation of Coupon No. 49 or lodgement of Lon-

don Deposit Cartificates for marking Square No. 12.

Holders of Profit Sharing Certificates are entitled to a distribution equivalent to 9.75 per cent. per annum for the year ended 31st December, 1988 and will receive DM. 9.75 for each DM. 100 nominal held against presentation of Coupon

No. 4.
All payments will be subject to a deduction of German Capital Yields Tax at 25%.
Coupons and London Deposit Certificates should be S.G. WARBURG & CO. LTD.

Paying Agency, 2 Finsbury Avenue, London EC2M 2PA from whom appropriate claim forms can be obtained. Coupons may also be lodged with:-COMMERZBANK AG,

London Branch, 10/11 Austin Friers, London EC2P 2JD. Coupons will be paid at the rate of exchange on the day

Payment in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of the dividend on the equivalent shares depos

United Kingdom income Tax will be deducted at the rate of 10% unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agent will; upon request, provide shareholders or their agents with the appropriate form for

31st May, 1989 COMMERZBANK AKTIENGESELLSCHAFT

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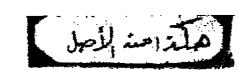
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SWISS ALPS



TELEVISION Bring the House into the home

Christopher Dunkley argues the case for taking the cameras into Parliament and the law courts

In 1953 the Conservative Government opposed the use of television cameras in Westminster Abbey to cover the coronation of the present soverthe coronation of the present soverthe continuation of its power dependent upon its popularity, persuaded the politicians to change their minds. The BBC was allowed in, the oldest and most arcane event in British constitutional life was captured by the cameras, and on June 2,1853 there were more viewers per television set in British than ever before (or since). The world did not end.

Decades agn the major religious realised on which side their bread was buttered and ushered television cameras into their churches. God sent no bolts of lightning. Many viewers are now conversant with the incides of the human hodes they then the

churches. God sent no bolts of lightning. Many viewers are now conversant with the insides of the human body, thanks to the willingness of surgeons to have television cameras peer over their shoulders as they operate. It seems that this does not oftend against the Hippocratic code. With the help of "fly on the wall" cameras we have eavesdropped on some of the most intimate and touchy episodes in human life: childbirth, horse-trading among diplomats at the UN, the counselling of families blighted by incest. All this television has enabled us to see without society falling apart.

ls there anywhere left where the cameras cannot go? Indeed there is. In fact there are two notable places in Britain, and the irony is that both are, by law, open to the public. Not only that, but public access to them is regarded as one of the central tenets in Britain's unwritten constitution. Every single member of the television audience is allowed to go into these places to see for himself or herself what is going on, yet we are — so far — denied the right to use the television cameras to enable more of us to do this.

They are, of course, the House of Commons and the courts, and in the past few days proposals have been put forward to open both to the cameras. Looking ahead

even a relatively short time to, say, the year 2009, it is almost impossible to believe that television coverage of both Commons and courts will not have become routine. At that date teenagers will probably react with incredibity when told that as late as 1989 cameras were barred from these pub-

ic places.

And yet, now that access via the camera begins to seem a distinct possibility, there is a significant body of opinion warning that if it does happen the sky will fall in. Furthermore efforts are under way to ensure that if the cameras do go in, then — at least in the case of the Commons — the broadcasters will be forced to operate under such rigorous constraints that they will be obliged to misrepresent reality. For instance, the Select Committee which has framed the rules for the proposed television experiment starting in November, assuming the House agrees, demands that in the case of serious disruption in the chamber the cameras must lock outo the Speaker's face and stay there.

outo the Speaker's face and stay there. Reasonably enough, on the day that this was revealed, *Channel 4 News* played a was revealed, Channel & News played a television recording of the notorious storming of the Spanish parliament by armed men, making the point that in similar circumstances in Britain the broadcasters would be prohibited from photographing and identifying the offenders.

The Bar Council which has recommended a change in the law to allow cameras into British courts (following successful experiments in Australia, Canada, France Italy the US and elsewhere)

France, Italy, the US and elsewhere) believes that the chief benefits would be in informing and educating the public and in enhancing confidence in the legal system. Those who have served on juries and listened with astonishment and horror to the awful minestrone of shredded and garbled ideas, collected from Cagney And Lacy, Z. Cars, and Ironside which appears to constitute the understanding of so many fellow jurors concerning the law, would agree wohermently.

The use of television to extend the pub-

lic galleries of Parliament and courts into every home in the land looks like sheer common sense. Thanks to modern technol ogy, late 20th century Britain could move closer to a true participating democracy than any society since the Greek city

than any society since the Greek city states. And yet, as we finally begin to move towards that position, influential people insist that the entry of the cameras would be a retrograde step. Why?

Lurking behind all the other arguments you can discern a deeply English sense of fastidiousness: a feeling that ancient democratic bodies (and in the case of the Commons an arguments one though not of mons an exemplary one, though not, of course, "the mother of parliaments" which was John Bright's phrase to describe England) will be tainted by the show-business of talgrades. ness of television.

This seems to be largely the imputation of guilt by association. Nobody feels that Hansard is tainted by appearing in print, even though that is the very medium used for Fanny Hill, Woman's Own, and Fay Weldon novels. The difference, presumbly in that what allows for some other contents of the content ably, is that print allows for separate sets of covers around each publication, whereas with television we watch Parliament on exactly the same set which gives us Dallas and Darts. We shall just have to learn to live with that; it is fundamentally unimportant

It is certainly true, however, that television does have an effect even upon those subjects which it treats in the most serious manner that it can achieve: fine art in Civilisation, natural history in Life On Earth and ethics in Brian Lapping's Hypotheticals on ITV are made more attractive to a mass audience than they would have been in the pre-television age when they were the exclusive property of an aristo-cratic and educated elite. Though Kenneth Clark and educated education of Clark may sound plummy today when BBC2 repeats an episode of Civilisation as it did recently, the fact is that both his vocabulary and the arrangement of subjects in his programmes do owe something to the "show business" of television.

The same is true of Attenborough and

The Commons in action: thanks to modern technology, late 20th century Britain could move closer to a true participating democracy than any society since the Greek city states

Life On Earth and of Hypotheticals, which is back this week discussing complicated moral, legal and philosophical matters (tonight: the first black family on a coun-cil estate) within a framework which deliberately exploits the attractions of American courtroom drama to spice up subjects which are felt to be less than enthralling to the general viewer.

All that is true, as it is true that televi-sion will have an effect upon the Commons. The very act of "televising" anything does change it, not in the mystical sense that primitive peoples believe they are changed and their souls stolen, when cameras take their photographs, but simply by making information which was once the privileged property of the few into the property of the many. This effect is undeniable but the crucial question is

True democrats would surely argue that even if television were to change the atmosphere of Commons and courts, or the manner of their proceedings, quite consid-erably (which seems unlikely, given that no such effect has been noticed in all the other parliaments and courts around the world which are now routinely televised) that would still be a price worth paying in order to make the activities of these places visible for the first time to the entire population.

It is surely more important that all of us should be able to see what is done in our names by those that we elect to go to Westminster than that those who are elected should be able to maintain the atmosphere of a 19th century gentleman's

whether you regard the change as good or club which, understandably enough, many of them enjoy so much. And it is surely better to reduce the mysticism of the courts and the widespread fear of the legal system even if that does mean reducing the awe in which judges have traditionally

been held.
There is, finally, a widespread albeit vague feeling that, thanks to the interpolation of television between ourselves and reality, we are beginning to lead our lives at secondhand. That is the sort of irrational technolear which led to the belief in the early days of steam trains that they were "unnatural" and that human beings would die if they travelled at more than 20 miles an hour. Television is a mechanical communications tool as well as an entertainment medium and it is high time it was used more to improve public life.

She Stoops to Conquer

CRUCIBLE THEATRE, SHEFFIELD

A bare, boarded floor on the ise how silly the people were to small raised stage that get themselves into such diff-occupies the interior of the big open stage of the Crucible; Kate (Caroline Holdaway) is upstage, two or three chairs among the silliest, for she against a small table. This is persists in acting as a barmaid the sitting-room in Mr without making any proper Hardcastle's house, the house effort to lure Marlow out of the that his wife thinks no better backfulness he displayed at their first marting. The authorities than an inn, as conceived by designer Tim Reed. We see how right it is when the how right it is when the insisting that snobbish, Hardcastles sit down to their coffee. No London manners for Mr Hardcastle, as George dress smart in the morning Raistrick plays him; it would hardly have been a surprise it his country-source manners let exaggerate this with a restrict to the country-source manners let. his country-squire manners let exaggerate this with a rustic

This production accords Goldsmith's comedy a proper respect for its jokes. The play can become dull, with its all-too-visibly constructed tensions; what is vital is to ensure that each comic event is presented with a proper sense of its truth, played not so much for laughs as for its possible embarrassment. What would be Marlow's feelings if Hardcastle told him at once that his house was his house and not The Buck's Head? if Kate told him sharply that she was not a barmaid?

But we have watched Goldsmith building these situations in front of us, so that we may feel like Marlow or Hardcastle ourselves - the vital basis of farce - and unless we believe in the unhelievable complications we are shown, we shall find nothing to laugh at Paul Whi-

bashfulness he displayed at their first meeting. The author has made her duplicity easy by behaviour exemplified by the servants. She merely modifies her conversation and her manners, leaves her hair uncoiffed and so rightly wins Whether he is worth

winning is another matter. Ian Fitzgibbon's excessive display of shyness in front of the smart Kate, carried to balletic lengths, labels him virtually dotty, prettily though he does it; this was the only time in the evening that I failed to believe what I saw. Later, as an arrogant young bachelor most at home among older ladies. he was much more convincing. As for Richard Clifford's Hastings and Mary Askham's Constance, they were two decent upper-class young people with no faults that were not general in the fiction of

their century. Tony Lumpkin was given by Geoffrey Church with a tworth's direction ensures that sensible lack of exaggeration, we usually do believe what we see, even though we may real-not really keen on coming of



Geoffrey Church

age – see how he almost stamps on his wig when he has to wear it. He is old enough to use the pub, where he is liked; but if his mamma chooses to treat him as a child, he can choose to be one. Yet in fact he is generally helpful and friendly, and probably no more nuisance about the house than most of his age. Boys should be put in cold storage between 13

and 21 anyway.
The plain, boarded decor serves in a variety of locations by the use of a few needful props; in the garden scene a slight mist escapes from under the stage and owls call above it. The songs are attractively, and never showily, sung. Pretty use is made at starts and finishes of a violin-player in 18th-century kit, playing

18th-century music. Familiar plays often have an unfamiliar look at the Crucible, and this production, with its likeable simplicity, is no exception.

Earlier in the evening, Clare Venables, the Artistic Director, amounced details of the next season in the Crucible's main house, and the same differences were there. It opens on September 29 with a new adaptation of A Tale of Two Cities, made by Andrew Wickes. This celebrates the 200th anniversary of the French Revolution, and gives good material to Wickes, who did a successful Tom Jones for the Crucible.
This is followed on October

26 by Noel Coward's Design for Living, one of the least-often seen of his mature comedies. The Christmas show, Babes in the Wood, opens on November 30. Then comes a classic from a writer not often acted in England, Racine's Britannicus, opening on January 26. Next, from March 2, a musical, The Boys from Syracuse, adapted (very roughly) from The Comedy of Errors, with songs by Rodgers and Hart that have become well-known from the film, though the Drury Lane production was unsuccessful Another comedy next, Garson Kanin's Born Yesterday, open-ing on May 24; and to end the season, Louisa M. Alcott's Little Women, opens on June 21, a positive attempt to match the endless stories for boys with an equally well-loved story for girls.

B.A. Young

Elegy for Young Lovers

Like other Hans Werner Henze operas, Elegy for Young Lovers
- libretto by Auden and Kall-man - somehow hasn't had its just due yet. Like most of the others, it has a schematic, even cynically theatrical plot here, monstrous egocentric poet abandoned by young mistress gets both revenge and inspira-tion for his next major poem by sending her with her lover on a fatal edelweiss-hunt when a blizzard impends. Again Henze gives a clever text room to turn its own arabesques, while more thoughtful and troubling things stir beneath the opalescent surface of the music, dark currents under a

little soap-bubble world. The musical virtues of the Volte-Face production, given at her 'My own, my own' was sad the weekend as part of the and limpid, and his tone had a London Opera Festival, were curious harsh edge that considerable. At best Philippe suggested a more interesting Piffault's staging didn't get in youth than the text indicates.

the way of the opera, but rather often it did. For the usual irrelevant reasons, the designer Antoine Fontaine chose to transfer Auden's little world from its proper Alpine hotel to an archaeological dig, which was neither here nor which was neither here nor there (the programme-photo of the maquette looked better than the stage result). Much more damaging was Piffault's insistence on displaying all the principals as frigid poseurs – even the young lovers, whose wistful, disillusioned carolling was thus denied any poignant effect, and the opera its humane side.

Vocally, Bronwen Mills and David Aldred were admirable; her 'My own, my own' was sad

As the domineering poet, Glen-ville Hargreaves — a lucky last-minute replacement for Henry Herford – brought his previous stage-experience of the role to bear and offered a rounded character in detail, if never on the intended scale of wilfulness, self-mockery and menace. Louisa Kennedy took the mad Hilda's coloratura flights with grace, and the greyer persons were coolly enacted by Margaret McDonald and Meurig Davies, with what seemed minimal assistance from the producer.

Static poses were the order of the evening, varied occasion ally by making someone sing while lying backward over an archaeological rock. With all the action in the dialogues, not nearly enough of the words were distinguishable, for the uncovered orchestral ensemble

occupied the aural foreground. Only in the last act, with singers up front and lighter scoring, did the lines begin to tell.

The mingy synopsis in the programme must have left

most of the audience, much of the time, unaware of just what was going on. In fact the orchestra, conducted by Rupert Bawden, gave a precise and delicate account of the score, with more sympathetic insights than were ever to be discerned on stage. They deserved a proper pit to be heard from in proper balance. Thanks to them especially, the personal, worrying flavour of the hall, in spite of a production which captured neither that nor anything sufficient to give a longish evening an

interesting shape. David Murray

London Symphony Orchestra

The box-office draw at the Barbican on Friday was Kyung-Wha Chung's playing of the Beethoven Violin Concerto. But the substantial audience which turned out for that bankable performance received a double bonus in the shape of Colin Davis's accounts of Stra-

vinsky and Sibelius.

Both composers could now be counted as Davis specialities. He led off with the Symphonies of Wind Instruments (in its later, more commonly played version) and there in

the lucid proportioning and faultless slotting together of the structural mosaic showed the benefits of firmly estab-

lished familiarity. He has long championed Stravinsky, but Sibelius is a newer enthusiasm, dating from his association with the Boston Symphony, with whom Davis recorded a cycle of the symphonies. But his interpreta-tions have evidently continued to broaden and develop since those discs appeared, so that one was hardly prepared for

the majestic authority with which the Fourth Symphony was unfolded here.

It began with deceptive sim-

plicity, allowing the opening cello solo to expand naturally: restraint was everything and details were touched in with the minimum of rhetoric. Tempi were measured; the Allegro of the scherzo rarely qualified as molto vivace, though each section was mindfully articulated and the LSO's playing, lean-toned rather than sumptuous, was unfailingly careful and responsive. The first two movements neverthe-less seemed more like scrupulous preparation than final

statement, but what they were preparation for emerged only in the slow movement. There, Davis steered the

symphony into the most rarefied territory, measuring the silences as significantly as the paragraphs and pointing up the kinship with Bruckner's slow movements and the sacred rituals of Parsiful The sustained intensity was compelling, and I cannot remember another Sibelius performance in the concert hall at the same time so serious and so eleva-

ting.
Remaining loose ends were tied in the finale, but still with rhetoric minimised; no easy fixes were suggested, and the Symphony faded away as enig-matically as it had started, though its outlines had been very deeply etched.

Andrew Clements

ARTS GUIDE

THEATRE

The Black Prince (Aldwych). Ian McDiarmid gives the performance of a lifetime in Iris Murdoch's distillation of her Hamlet novel. Witty black farce, vitriolic and entertaining (836 6404). Ghette (Olivier). Brilliant

Gneta (Univer). Strinam:
National Theatre version of
Joshua Sobol's Israeli play about
the last days of the Vilna ghetto
and its resident theatre company.
Moving and shocking. Nicholas
Hytner directs, Bob Crowley
designs, good music arranged
by Jeremy Sams (\$23 2252).

Single Spies (Queen's). The high-light of playwright Alan Ben-nett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gal-lery, Simon Callow plays Guy Burgess in a re-hash of Bennett's fine TV film An Englishmon Abroad (734 1166).

Acrosa (134 1165).

M. Britsrily (Shaflesbury).

Anthony Hopkins as the britineddiplomatic hero in a Peter Shaffer-style "spectacle of ideas"
dressed up in John Dexter's
superb production as a metaphor
of homosexual life. The transvestitle tragedy proves less electrifying than in New York; the play
is not very good but still worth
seeing (378 5399).

A Walk in the Woods (Comedy)

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is

in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (330 2578, cc 839 1438). Brigadoon (Victoria Palace). 1947 Lerner and Lower "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected

sung, less trait than expected (824 1817, cc 836 2428). The Vortex (Garrick). Maria Aitken and Rupert Everett in brilliant reappraisal by Philip Prowse of Noel Coward's 1924 study of drug addiction and nother fixation. Mannered, excessive, beautifully costumed A must for yuppies (379 6107,

Ce 741 9999).

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriture spock and strained mar-riage. A tale of obsession, devo-tion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 211 9090)

741 9999). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybartic insouciance. A probable, but unspectacular, bit (839 5872).

Section (Royal Court). Caryl Churchill's new play is a dense 70-minute meditation on a trans-atlantic misalliance between two Americans and their distant English relatives. An intriguingly murderous exercise in style, directed by Max Stafford-Clark (730 1745). King Lear (Old Vig). Eric Porter

in titanic and lyrical form in Jon-athan Miller's production. Paul Rogers is Gloucester, Genma Jones and Frances de la Tour Jones and Frances de la Tour are Goneril and Regan. The lighting has been described as either murky or a calculated sop to 17th century Tenebrist painting (328 7616, cc 261 1821). Ivanov (Strand). Alan Bates and Felicity Kendal lead a new ad hoc classical company in Chekhov's first play, translated by Ronald Harwood, directed by Elijah Moshinsky. Bates interestingly renders the critical suicide a Simon Gray character (836 1660).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-win-Wendy Wasserstein's award-win-ning drama covering 20 years in the life of a successful Ameri-can baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompa-nied by the musical and emo-tional flavour of the period (239 6200).

6200). Lend Me a Tenor (Royale). A sprucing up in the set of a decay-ing town's big time opera ambi-tions makes a transatiantic hit tions makes a transatiantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200), Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs without smoothing any of the Northern English edges that retain an anthentic touch. Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film traiter previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, includ-ing On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a con-temporary crew of Broadway aspirants who lack the multi-tal-ents that inspired the heyday of the musical.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebullient cast in the inevitable but disappointing hit. Cats (Winter Garden). Still a sell-out, Trevor Numb's produc-tion of T.S. Eliot's children's

poetry set to music is visually startling and choreographically feline (239 6262). A Chorus Line (Shubert). The A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6300). Les Misérables (Broadway). The manificent spectacle of Victor

miserapies (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200). (235 5200). M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the

true story of the French diplomat

whose long-time mistress was a male Chinese spy (246 0220), Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6300).

May 25-June 1

Washington

Speed-the-Piow (Eisenhower).
David Mamet's vivid view of Hollywood as a den of thieving deal makers stars William L. Petersen, Bob Belahan and Felicity Huffman. Ends June 11 (254)

Chicago

Driving Miss Daisy (Brian Street). The touching relation-ship between a dowager, played in this production by Dorothy in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000). Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-lishment (988 9000).

Tokyo

The Phantom of the Opera. Nis-sei Theatre (045 903 5701). This ascellent production (in Japanese) is a carbon copy of the London original.

Blues in the Night. Theatre
Apple, Shinjuku. (567 5444). Musical revue from off-Broadway.
featuring black music of the
1920s and 1930s. In English. Sergei Leiferkus

QUEEN ELIZABETH HALL

Since he first appeared at the Wexford Festival, this splendid Russian baritone has been pop-ping up in opera all over Britain. It seemed unnecessary of him to fill the first half of his recital on Sunday with operatic arias, unless he was aiming to remind somebody that he sings more roles we've had the chance to hear yet. At least the arias covered an interesting range, including not only favourite bits of Escamillo and Don Giovanni, but Gianni Schicchi, Iago and Rodrigo (Don Carlo) too, and some Massenet and even "To be or not to be" from Ambroise

Thomas's Hamle With the less familiar num-bers, one was less often reminded of how much better they work with orchestra. At the piano Helen Robertson-Barker rarely conjured up any orchestral illusions, and indeed some of the accompaniments barely passed muster as piano sound. (She rose to better form in the second half, with genu-ine piano-writing to tackle instead of reductions.)

In the circumstances Leifer

kus's lusty attack and his reli-ably brazen tone, which is unmistakably Russian in any language, gave an unjust impression of sameness, for all the care he lavished on differentiating his characters.

The genuine recital-songs after the interval included

Shakespeare sonnets addressed by Shostakovich and by Kabalby Shostakovich and by Kauar-evsky. The latter's op. 52 set proved amiably sentimental and ordinary; Leiferkus also introduced a Heine set by Valery Gavrilin, a composer who seems to follow Shostakovich's lead so sedulously that he might as well slip into his

A further, improbable, Shos-takovich setting was of Burns's "Macpherson before his execu-tion": Russian gallows-humour is decidedly different from Scottish

Scottish
None of this really exercised the baritone's remarkable powers as much as one had hoped - opera shows him off

David Murray



FINANCIAL TIMES

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Wednesday May 31 1989

Good sense from Nato

PRESIDENT George Bush will be justified in looking back at the Nato summit as his first important foreign policy success. After all the procrastination of the past few months, Mr Bush has regained the initiative for Nato in the arms control debate and negotiations, dominated hitherto by Mr Mik-

hail Gorbachev. With his proposal for a 20 per cent cut in US forces in Europe to 275,000 and his demand that the Soviet Union should accept the same ceiling - a move which would require

much more drastic reductions on the part of Moscow – the US President has put the ball back firmly in Mr Gorbachev's court. After the Warsaw Pact's latest proposals on tank, troop carrier and artillery ceilings, the respective positions are now sufficiently close to envisage a reasonably quick conclusion of the conventional forces negotiations in Vienna.

The accelerated timetable put forward by Mr Bush - an agreement within six months to a year and implementation of the cuts in 1992 or 1993 may well be over-optimistic, as several Nato partners, including Mrs Margaret Thatcher, have intimated. But it is likely to be nearer the mark than Mr Gorbachev's much more conservative target date of 1997.

Healing a rift

Mr Bush's proposals have presented the Soviet Union with a real challenge. They have also contributed to healing, at least for the moment, the rift which had appeared between some of Nato's principal members over the future of short range nuclear forces (SNF) in Europe.

By setting an early deadline for the conclusion of an agree-ment on conventional forces, and by tabling imaginative pro-posals facilitating such an accord, Mr Bush managed to take some of the sting out of the nuclear missiles debate. One of the reasons why the US and Britain have opposed SNF negotiations is because they consider these missiles an essential counterweight to the Warsaw Pact's dominance in the conventional field.

Once there was a real prospect of an early agreement on the latter, it was much easier for the US and Britain to contemplate negotiations on tactical nuclear weapons. The compromise eventually reached establishes a linkage between the implementation of conventional arms cuts and a possible decision by the US to open negotiations with the Soviet Union on the reduction of short range nuclear missiles.

Strict conditions

Britain was forced to drop its opposition to any negotiations at all with the Soviet Union in this field, as demanded by Bonn. The Germans, on the other hand, have had to accept strict conditions on which these negotiations could be held, as well as explicit lan-guage ruling out a so-called "third zero" – the total elimi-nation of short range nuclear weapons. Negotiations on SNF can proceed, according to the text of Nato's new "comprehen sive concept", with the aim only of achieving a partial reduction of American and Soviet missiles. The word partial is underlined.

That formulation has particularly pleased Mrs Thatcher. who has always warned her partners against the dangers of denuclearised Europe. Though the Germans can still argue that the phraseology does not rule out a third zero for all time, the final text falls well short of the stand that Mr Hans-Dietrich Genscher, the West German Foreign Minis-ter, would have liked Nato to

However, by forcing the Alliance to re-examine its political and military strategy, the West German Government has been instrumental in persuading President Bush, and Nato as a whole, to adopt a more positive and imaginative response towards Mr Gorbachev's initia-

Nato still faces potentially divisive decisions in 1992 on the modernisation of its Lance short range nuclear weapon, which are likely once again to pit Bonn against Washington and London. However, for the moment at least, it is in much better shape than it has been for a long time to bring the Vienna and the forthcoming

Capture of a regulator

IF A UK housebuyer takes out a £50,000 endowment mortgage, his bank or building society can make £1,300 commission (with £750 paid immediately) for spending about 20 minutes selling him the attached insurance policy and doing the pap-

To pay for commissions of this magnitude, an average of about £200 is removed from every £1,000 of premiums paid by the investor in a life insur-

ance or pensions policy.
Such large payments are the direct result of the half-hearted moves by the new investor protection agency, the Securities and Investments Board, to curb the long-standing abuses of the life insurance industry and its salesmen.

For decades, the commissions paid on the average life policy have been rising slowly to a level far higher than that on any other mass retail prod-uct or service. But over the last month many insurance companies have boosted by a further 30 per cent or 40 per cent their commissions to any "independent" brokers willing to recommend them. The companies offering such inducements include not only small new entrants and foreigners, who always used to be dismissed as rogues by the large insurance companies, but even ment as Scottish Amicable, Eagle Star and Scottish Mutual.

Cosy agreement

The development was prompted by the decision last year by Lord Young, the Trade and Industry Secretary, under pressure from the Office of Fair Trading and the European Commission, to pull the rug from under a cosy agreement between the insurance companies and the regulators. This freed brokers from having to tell the customers how much commission they were earning, provided they accepted an industry-wide maximum.

The SIB could have responded to Lord Young's decision by insisting on disclosure of commissions - and expenses - in the simple form outlined above. So many customers might then have queried the large figures, or have been put off altogether, that effective competitive disciplines on costs could have been

But instead the SIB will require insurance companies to express commissions only in the form of a complicated list of percentages, even though a survey conducted last year for the SIB showed that customers find it easier to understand a cash figure than percentages. Even worse, no disclosure will be required at the point of sale but only in the middle of a long letter sent up to two weeks later. Theoretically the customer can then cancel his policy at this point, but the insurance industry is well aware of the power of inertia

Market disciplines

The SIB's only justification for this retreat is that it feared many independent brokers, to avoid disclosure of their remuneration, would become sales-men tied to a single company. But, as the OFT and several MPs have argued, the best way of holding down the payments to salesmen and overall insur-ance company selling costs would be to restore market disciplines by requiring them to disclose their total charges -

For three years the SIB dithered, claiming such an approach would be technically difficult. Last week it said it would require partial disclo-sure, but only by showing a reduction in the investment returns customers can expect To quote a stark figure in pounds and out of context, the SIB says, would be to give

charges undue emphasis. But insurance salesmen will take as long as they need to put the charges figure "in context". The SIB has no need to do their job by adopting for itself the old salesman's adage that, if the customer asks about the cost, tell him only in the context of the benefits.

The capture of the SIB by the insurance industry is even less excusable when compared with the tough stance on price disclosure taken by most of the other new regulatory bodies such as Oftel. The only way to tackle the problem of rising insurance commissions and charges is by ensuring that customers understand exactly how much is being taken out of their investments, in the simplest and most transparent

he Bush Administration's deci-sion to name certain Japanese trading practices as "priorities" for special negotiation and possible retaliation says as much about US feelings of economic vulnerability as it does about the commercial behaviour of largen.

iour of Japan. The US is going through a period of agonised debate about its closest ally in the Pacific. There is a mixture of frustration, anger, envy, fear, and even xenophobia in views expressed by prominent politicians about the trading success and financial power of

Japan.

The immediate cause has been the persistently high US trade deficit with Japan, the wave of large-scale Japanese investments in the US (though smaller overall than purchases by Britain and the Netherlands), and a growing concern over the Japanese edge in several vital areas of advanced technology. Opinion polls have shown that about half American voters consider Japan's economic strength a greater threat to US secu-

rity than Soviet military power.

At its most basic this has been reflected in the wave of "Japan-bashing" in Congress leading up to the latest decision on trade practices under the Super 301 provision of last years's Omnibus Trade Act, and in the debates over the collaborative development and production of the ESY fighter for the Jenaness air force. FSX fighter for the Japanese air force. With characteristic lack of subtlety. Republican Senator Jesse Helm recalled Pearl Harbour, saying that the Japanese have "skinned us many a time. They skinned us real bad in December 1941 and they are skinning us with the FSX."

In less extreme terms, considerable suspicion has been expressed by many mainstream members of Con-gress about Japan and its commercial intentions. Japan is seen as trading unfairly and, in the words of Senator Lloyd Bentsen, the Democratic chairman of the Senate Finance Committee: "Japan means to dominate any sector that is in the high end of the economy." Such is the feeling of unease that 72 senators (out of 100) voted for restrictions on an already renegotiated FSX deal to ensure that Japan does not gain an unfair techno-

logical advantage.
Yet the current debate goes beyond trade questions to broader issues of how the US - now a prominent debtor - comes to terms with the financial strength of Japan, the world's largest creditor nation. This has implications not just for issues such as banking, overseas invest-ment, foreign aid and Third World debt, but also for the political ques-tion of the balance of international responsibilities. In this respect the uneasiness of US/Japanese relations is part of the general adjustment the US is having to make to a less dominant

world position.
Ironically, at the very moment that
President George Bush is looking beyond the doctrine of containment which has ruled US policy towards the Soviet Union for the past 40 years, the same approach is being suggested in relation to Japan. A large literature has appeared on the "Japan problem." In particular, there was widespread interest in the US recently in a book and series of articles by James Fallows. He argued that "there is a basic conflict between Japanese and Ameri-can interests — notwithstanding that the two countries need each other as friends - and it would be better to face it directly than to pretend that it doesn't exist. That conflict arises from Japan's inability or unwillingness to restrain the one-sided and destructive expansion of its economic power."

Similarly, in the March/April issue of Harvard Business Review, R. Taggart Murphy, a Tokyo-based US banker, argued that "Japan lacks the ideology and political commitment recessory to fulfil the obligations that necessary to fulfil the obligations that go with financial power. To turn sheer financial strength into leader-

Peter Riddell examines US attitudes towards the increasing economic power and influence of Japan

Signs of strain in the Pacific friendship

ship, a country must be able to think in global terms, to view itself as a world central banker, to sacrifice cerworld central banker, to sacrifice cer-tain short-term gains to maintain stable financial and trading systems. Japan does not have this world view. holds the rest of the world at arm's length, and that separateness pre-vents Japan from assuming some of the important mandates of world financial leadership."

Much of the discussion in the US is more sympathetic - and there are many friends of Japan in Washington, even though they may generally be less vocal than its critics. Several studies by members of the foreign policy establishment have appeared in the last three or four months urging a broader view of the US/Japan relationship. Former Secretaries of State Henry Kissinger and Cyrus Vance have argued, in an article in Foreign Affairs, that with Japan as one of the major powers of the 21st century "the issue is how to deal with the conse-

to reverse the relationship."

Similarly, a joint US/Japanese group including Mr Paul Volcker, the former chairman of the Federal Reserve, and Mr Yoshio Okawara, for-mer Japanese ambassador to the US,

Half America's voters consider Japan's economic strength a greater threat than Soviet military power

last month called for a new co-operative relationship embodying "a more equitable sharing of policy-making responsibilities and the financial and political costs associated with interna-

tional leadership,"
So far the Administration has not offered a clear lead. At one level Mr Bush is keen to demonstrate his sup-port for close ties, as when he wel-comed Mr Noboru Takeshita, the Jap-anese Prime Minister, to Washington in early February as his first promi-nent foreign guest as President. This emphasis on Japan as "a valued ally and fellow democracy" was under-lined when Mr Bush visited Tokyo for the funeral of Emperor Hirohito. The age then was that Japan matters to the US and that Washington looks to a greater contribution from Tokyo to both Pacific and global problems. However, that was immediately followed by the lengthy row in Washing-ton over the FSX fighter project. Pres-ident Bush allowed some members of his Cabinet to insist on the renegotiation of what was supposed to be a prime example of collaboration.

In so far as there is a coherent US approach it turns on the concept of burden-sharing – an acceptance by the US that it can no longer take the the US that it can no longer take the sole responsibility for international economic problems. This has been graphically illustrated by the revised debt strategy – the proposals made on March 10 by Mr Nicholas Brady, the US Treasury Secretary, for reducing the borrowing of the most indebted countries, particularly in Latin America

It was appropriate that, owing to an accident of international time zones, the Japanese welcome came two hours before Mr Brady's speech, since Japanese support was crucial to the credibility of the plan from its inception. Indeed, a senior Treasury official later conceded that the US was not in a position "to put up additional funds as the Japanese intend to do." The US was now many treatment to the US was now many treatment to the US was now many treatment. may have regretted that the \$4.5bn of new Japanese support for debtor countries would be through its Export-Import Bank - and hence an indirect boost to its exporters. But the US had to be grateful for whatever money was available, particularly as West Germany, the other main creditor nation, was unwilling to help.

Yet there has often been ambiguity

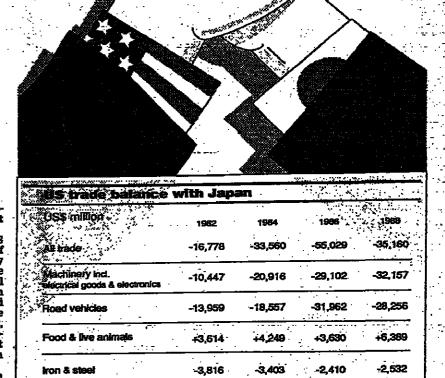
in the US position - a willingness to accept Japanese money, but a reluc-tance to give Japan more power. The significance of the Brady initiative is that, implicitly, there is now an acceptance by the US that Japan should have a greater say in the International Monetary Fund. The US will still have the leading role, with the largest shareholding, but Japan will move from its present fifth largest share to second, ahead of Britain, West Germany and France. This should be agreed by the end of this year, though some senior officials in the IMF and World Bank still see Japan as reluctant to lead and looking to follow the consensus.

The same view of burden-sharing has been pursued over official assistance - where Japan is now the world's largest donor - and over defence. For instance, Japan has been encouraged by the US to be more involved in supporting the Philippines. On defence, there is again ambiguity - an acceptance that any Japanese military role should be limited and defensive combined with pressure for increased spending. This is already higher in absolute terms than European countries, but low rel-

ative to gross domestic product.

The trickiest issue remains trade.

Many in Congress believe that Japan is acting unfairly, not only by denying



-1.045

access to its domestic market for US goods and services but also by seek-ing to target and dominate particular sectors. The FSX row reflects the fear that Japan — having achieved domi-nance first in consumer electronics and, increasingly, in capital goods -now intends to focus its efforts on the civil aviation industry. Thus it would challenge the US in one of the few sectors where it retains a technological and marketing lead.
It is argued that bilateral action;

Precision & photographic

aquipment

with the threat of retaliation, is neces-sary. Mrs Carla Hills, the US Trade Representative, and Mr Robert Mos-bacher, the Commerce Secretary. have to some extent embraced this view. Mr Mosbacher, with strong congressional support, believes there has to be a planned response to the Japanese industrial challenge. While the term "industrial policy" is anothema in the Administration, something very similar is being floated with talk of industrialed, business superment. of industry-led, business government partnerships, notably the develop-ment of high definition television, which the proponents claim will-

which the proponents claim will dampen protectionism. 22
Although the pretectionist, antiJapanese lobby has recently been the most vocal in Washington; there is also a strong free trade group led by Mr Michael Boskin; chairman of the President's Council of Economic Advisers and Mr Righard Darman Advisers, and Mr Richard Darman, the Budget director. They argue that only a small part, possibly less than a fifth, of the US trade deficit with Janan can be blamed on unfair tra practices. The rest is the result both of US macroeconomic policy, particularly the low level of savings and the high budget deficit, and of long-term structural weaknesses in the US, notably its inadequate level of skills and weak education system. They note that Japan's present concentra-tion on production benefits US con-

sumers at the expense of Japanes ones. In this respect, it is somewhat ironic that the US is seeking discus-sions on structural barriers in Japan. To the free traders, protectionist threats bring the risk of a trade war which will harm everyone.

President Bush is in the middle of

-2.434

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-1.784

this debate. By instinct a free trader, he also stresses fair trade and is susceptible to arguments about bilateral agreements not being honoured, as with Japan over semiconductors and telecommunications equipment. The latest announcement reflects these pressures, with the free trade group on the defensive. It was intended to satisfy the demand from Congress for strong, or at least strong-sounding, action against Japan, and has been welcomed by leading senators. The Administration hopes that its decision will not trigger immediate action from Japan. In practice, it is the least that the Administration could get away with in domestic political terms.

An evident concern both of Mr Bush and of the State Department has been to avoid alienating Japan — to warn, yet not to antagonise, espe-cially given the uncertain state of Japanese domestic politics. A serior US official conceded that relations with Japan are less robustly based than those with Europe. While the US and Europe frequently have arguments, these do not jeopardise the underlying friendship because the ties are too strong. That is not yet the

The US's financial position and it international economic influence are increasingly dependent on Japanese support. Yet the political relationship has not yet adjusted accordingly. In American eyes Japan is still rejuctant to assume a leading role to match its financial power. But the US itself has only partially accepted the implica-tions of sharing its responsibilities.

case with Japan.

Ins and outs of the City

■ The trouble with Who's Who, estimable publication though it is, is that it tends to retain the old English prejudice against trade. Whenever you want to look up someone in industry or commerce, the chances are that they will not

Who's Who in the City, the second edition of which is published today, ought to help to fill the gap, and to some extent it does. Certainly the number of entrants is rising: from around 7,000 last year to 8,000 this time. There is also a good deal of mobility. About 20 per cent of those listed in the first edition a year ago have since changed their posts.

As Margaret Reid notes in her introduction, the City — including the "out of London" continues to grow. Just over a decade ago, banking finance and insurance accounted for around 1.6m jobs. By the end of last year the figure had risen to 2.5m — more than 11 per cent of the working popula-

Employment in the City proper is now put at several hundred thousand; more than 70,000 of them are in the foreign banking community, representing some 500 groups between them. Among the Who's Who in the City entrants, overseas nationals have gone up from 9.7 per cent to 12 per cent of the total. The biggest rise is among the Americans - up almost double to 3.7 per cent. The Japanese do not yet match them in num bers, but Japanese banks now account for almost one quarter of all bank assets, sterling and foreign currency, in the UK.
What then of personalities?

K. C. Whu, now the senior deputy manager of the Bank of China, is probably the longest serving banker in Britain, having been here since 1944: recre ations, tennis, reading, travel. Maurice Saatchi gets in, but his brother Charles does not. (Even Who's Who proper man-

Observer

ages to include them both.) There is no Alan Sugar, chair-man of Amstrad, perhaps because that does not quite

count as City.
It is also clear that some entrants must have been included without having filled in the entry form. (Who's Who would not do that.) Thus one rather well-known figure is listed simply: Steffens, Guenter Z; General Manager, Dresdner

Bank AG. Bank AG.

The favourite recreation is golf, listed by 1,275 entrants, followed by gardening (568) and skiing (458). Hunting is favoured by only 54. Anthony Simon Smith, managing director of White Foster Sheldon Daly & Co Ltd, educated at Eton and Harvard, lists garden-ing, collecting horseshoes and

Over one quarter of the entrants were at either Oxford or Cambridge. Eton is far and away the most frequent school nearly 6 per cent, against 2 per cent for Winchester. Brooks's is the most popular club, though closely followed by the RAC. There are only 27 references to Annabel's. Charles James Hue-Williams of Kleinwort Benson Securities may have set a record by listing 12 clubs, nearly all of them cricket. His recreations are golf, cricket, rackets, lawn tennis and real tennis.

The number of women entrants has almost doubled since last year, but is still less than 200. Nearly 400 entrants have written books, and 112 are former civil servants. Among other extraneous items, I was interested to learn

that the middle name of one

of my colleagues is Enoch and

that another - who seems to work very hard - lists his recreations as theatre, politics, cycling and Victorian history. Who's Who in the City is published by London & International Publishers Ltd, 49 St James's Street, London SW1 and costs £99.



Prohibition

■ Two hundred years after the Parisians tore down the Bastille, their descendants are to be stripped, in the name of the Revolution, of two of their most cherished rights: driving as they please, and parking where they please. In fact, the measures

announced by Pierre Ver-brugghe, prefect of the Paris police, in preparation for the Bicentennial celebrations on July 14, come close to a state of martial law.

of martial law.

From July 10 to 17, parking will be banned outright in a vast area of central Paris, stretching from Porte Maillot to the Louvre, and from the River Seine to the Boulevard. Haussmann. This is expected to drive 9,000 cars beyond the city walls to temporary parks in the Bois de Boulogne. Traffic will be forbidden in

a smaller area for the same period, and throughout the no-parking zone on July 14 itself. More than 20,000 policemen and 10,000 firemen will be there to enforce the restrictions - which are likely to infuriate a population already

thoroughly fed up with the Bicentenary — as well as to protect the heads of state who will be in Paris for the summit of the Group of Seven industrial nations, and for a parallel meeting of leaders of the Third

After this assault on Liberty, Fraternity, too, is to be dis-couraged, or at least not artificially stimulated: all sales of alcohol will be banned on July 14 along the length of the Champs Elysées.

■ London taxi-drivers are

Taxi rules

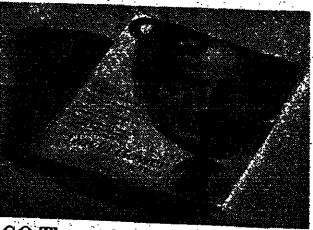
increasingly developing a habit of driving without their taxi light on, even when ready to pick up passengers. At first I thought that it was simply because they did not wish to be stopped while going home and indeed gave up halling them. But it turns out there is a quite different reason. A taxi stopped to pick me up the other day even when I had not requested it. The driver explained that he and his colleagues are becoming more discriminating. There is plenty of demand for them, especially in these days of Underground strikes and heavy tourism. So the drivers decide to pick up whom they choose, and ignore the rest. This particular driver said that they make a guess about the sort of place a pas-senger might be going to, and usually get it right. That is the basis for picking people up or not. There is nothing to prevent this form of discrim-

Moral: hail taxis even when their lights are out. Also, perhaps we need more taxis.

On the scent

Among readers' requests handed in at a Hampahire pub-lic library last week was one for a copy of The Perfumed

WHAT FIRES DAVID GOWER? (APART FROM THE BOARD OF SELECTORS?)



GQ. The men's magazine with an LQ. June issue out now

Lord Benson criticises the proposed legal reforms in England and Wales

ome years ago a much respected head of the Civil Service told me that he had watched many Governments come and go, and had discovered that they were defeated, not by the Opposition, but by their friends. The infighting and backbiting which always goes on in politics, and the formulation of inconsistent and ill-considered measures based on political considered measures based on political dogma as opposed to common sense, were the cause of their downfall. The green papers on the legal profession which have been published under the authority of the Lord Chancellor in the guise of "papers for discussion" appear to announce Government policy, and are a typical example of measures which antagonise the Government's

Dest rimas.

The inconsistency of the new policy is plain. In 1983, four years after the publication of the report of the Royal publication of the report of the koyal Commission on Legal Services, the Gov-ernment published its reaction, which in general supported the Commission's recommendations. Now, six years leter, the same Government has virtually reversed the policy on all the important

The political dogma on which the green paper is placed is free competi-tion, the widest choice of services for the consumer, and the abolition of restrictive practices. These are laudable objectives, but if followed blindly, with-out regard to the facts of the situation and to common sense, they will under-mine some of the principles on which justice has hitherto been based in this

In seeking to impose the dogma, the green papers fail to take into account that strong competition already exists in the provision of legal services for the public, that there is already a wide choice of services for the consumer, particularly in the specialisms provided by the Bar; and that all profes need to be subject to certain restraints, not for the benefit of the members, but for the protection of the public they

Five years ago my own profession of accommancy considered the principles on which a profession should be based and the obligations the members owed to the public. They are nine in number, and are as applicable to the legal profession as they are to my own. In the accounting profession they are being partially eroded by directives from Brussels, but there is no call to allow these dirigiste policies to damage other professions in this country. The nine principles are set out below, and I explain in respect of each of them how the green papers propose arrangements which either disregard, or make impos-

. . . .

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sible of fulfilment, most of them. First, the profession must be controlled by a governing body, which in professional matters directs the behaviour of its members. The members, for their part, and this is sometimes forgotten, have a responsibility to subordinate their selfish private interest in favour of

support for the governing body."

The governing body envisaged in the green papers comprises dedicated memhers of the profession who devote a



The character of a profession

large part of their lives, without remu-neration, to the continuing task of raising standards, tightening disciplines, and guiding the professional perfor-mance and behaviour of its members so that they may serve the public prop-erly. The green papers have abandoned this principle from the outset. In effect, the conduct of the legal profession is to be taken out of the hands of the existing governing bodies of the Bar and the Law Society. It will vest in a quango of part-timers (the majority of whom must not be members of the legal profession). who will advise on "legal education and conduct" and report to the Lord Chancellor, who, with his civil servants, will

make the final decisions.

"Second, the governing body must set adequate standards of education as a condition of entry, and thereafter ensure that students obtain an acceptable standard of professional competence. Training and columnia and professional competence. ing and education do not stop on qualification, but must continue throughout the member's professional life."

This responsibility will be removed from the existing governing bodies. The education and training of lawyers at the academic, vocational and post-vocational stages, and even the specialisms to be developed, will be decided by the Lord Chancellor on the advice of the

"Third, the governing body must set the ethical rules and professional stan-dards which are to be observed by the members. This should be higher than those which can be established by the By virtue of the green papers, codes of conduct and the standards of conduct expected of practitioners will be settled by the Lord Chancellor, after advice by the quango. They cannot be higher than is required by the general law, because the Lord Chancellor will settle them by

statutory instrument. *Fourth, the rules and standards enforced by the governing body must be designed for the benefit of the public, and not for the private advantage of the

No one knows what the part-time advisory quango will devise for the consideration of the Lord Chancellor. Its constitution suggests that it will not have the knowledge, experience or competence to carry out this task.

"Fifth, the governing body must take disciplinary action, including, if necessary, expulsion from membership, if the rules and standards it lays down are not observed or a member is guilty of bad analysismal mark." professional work."

Disciplinary action appears to be left with the numerous professional bodies which will be brought into existence. The fitness of the governing bodies to exercise their functions will, however, be decided by the Lord Chancellor and the quango.

"Sixth, some types of work should be preserved to the profession by statute, not because it is for the advantage of the members, but because, for the protection of the public, it should be carried out only by persons with the requisite training, standards and disciplines."

In the legal profession the sort of

principle is rights of audience before the courts. The issue of advocacy certif-icates will in future be in the hands of "a variety of professional bodies,"
whose fitness for the task has to be
approved by the Lord Chancellor and

the quango.
"Seventh, the governing body must satisfy itself that there is fair and open competition in the practice of the profes-sion, so that the public is not at risk of being exploited. It follows that members in practice must give information to the public about their experience, competence, capacity to do the work and the fees payable."

These obligations will, in effect, be virtually removed from the existing governing bodies and taken over by the Lord Chancellor on advice by the quango. The Government has a mental blockage in believing that competition does not exist in the legal profession. There is strong competition between barristers and between the different firms of solicitors. There are about 5,900 practising barristers and between 8,000 and 9,000 solicitors firms, operating from over 11,000 offices; the public has a free and unrestricted choice as to

whom to employ.

"Eighth, the members of the profession, inguin, the members of the projession, whether in practice or employment, must be independent in thought and outlook. They must be willing to speak their minds without fear or favour. They must not allow themselves to be put under the control or dominance of any person or organisation which could impair this independence?

lependence. Independence is the most precious privilege and obligation of a professional person, and the one most highly prized by responsible citizens who seek advice from lawyers. Independence, in the above sense, will be abolished, because, in fact, all members of the profession will be under the dominance of the Lord Chancellor as advised by

"Ninth, in its particular field of learn-ing the profession must give leadership to the public it serves."

The leadership now passes to the Lord Chancellor, his civil servants and the quango. The past record of the Lord Chancellor's Department gives little cause for optimism.

It is common ground that the legal profession needs changes to bring it fully up to date. As the green papers acknowledge, these are taking place, but the pace has hitherto been slow. The green papers, however, virtually dismantle the legal profession, without consultation or the necessary research, or the benefit of practical experience.

There is no ground, except unsupported assertion, for believing that legal services will in future be provided better, or as well as they would be by the legal profession in its present form with the changes which were already in pros-

The author was formerly President of the Institute of Chartered Accountants in England and Wales (1966-67) and Chairman of the Royal Commission on Legal Services (1976-79).

A monopoly with an expiry date

Raymond Snoddy reports on Reed International's purchase of the TV Times listings magazine

one of Britain's more lucrative publishing monopolies – the exclusive rights of the BBC and ITV over their programme schedules -has entered its final phase.

Reed International, the publishing and information group, announced it had reached agreement to buy Independent Television Publishes TV.
Times the commercial televi-Times, the commercial television listings magazine, in a deal worth £113m in cash plus a pre-sale dividend of £10m.
If the agreement is approved

next week by 75 per cent of the ITV companies that now own ITP it will be the first time in the UK that a non-broadcaster has controlled the publishing of television listings. The sale comes as the European com-mission and the Home Office are both examining the listings monopoly.

The change of ownership at TV Times and the new Broadcasting Act will together reignite the debate, says Mr Tony Elliott, publisher of the magazine Time Out. He has been campaigning against the monopoly since 1982, and would like to open his own comprehensive listings magazine as soon as it is legal to do so. "It's got to be different now. Why on earth should a pub-lisher trade unfairly for an unspecified period of time with public information?" asks Mr Elliott.

The uncertainty over the listings monopoly was one of the reasons why the ITV companies, whose main preoccupation now is surviving a process of competitive tender to retain their franchises through the 1990s, decided to take the money and run.

That uncertainty is reflected in the price Reed was prepared to pay for a business expected to have net profits of £24.1m in the year to July. In addition to the cash price, Reed will pay an additional £2m a quarter for every quarter that the monopoly survives over the next three and a half years.
"It's a reasonable price for a deregulated title, and a bargain

price for a temporary situa-tion." says Mr Nigel Stapleton, Reed's finance director. His best guess is that the "tempo-

he long battle to break one of Britain's more survive for between one and

two years. Until the monopoly is finally cast aside or more probably until the BBC and ITP are required to license their sched-ules to other publishers, Reed will be able to offer more than 9m readers a week the only full advance listings of both ITV and Channel 4 programme schedules. (Newspapers can carry listings 24 hours in advance on weekdays and 48

hours at the weekend.) Reed confirmed yesterday that it had managed to tie Channel 4 into the deal. Mr Michael Grade, chief executive of Channel 4 had warned that he might take his listings elsewhere when the Channel 4 con-tract with ITP expires at the end of this year. Instead, Reed and TV Times will have an exclusive arrangement with Channel 4 - at least as long as such exclusivity is legal.

The real question now is how long a life there will be for the peculiar British anomaly that viewers have to buy two

The question is how long a life there will be for the peculiar British anomaly that viewers have to buy two TV magazines

magazines, and with the advent of cable and satellite television at least three, to be able to plan their viewing in advance.

In countries as diverse as France, Finland, Switzerland, Sweden and the US, programme schedules are provided to competing publishers free of charge. According to opponents of the UK listings monopoly, Belgium has no fewer than 32 listings magazines. In West Germany, a country with 24m households (compared with 21m in the UK), there are nine competing listings magazines and four television supplements distrib-uted free with newspapers.

The listings monopoly was nearly overturned in 1985 when the Monopolies and Mergers Commission investi-

gated it. At the time senior BBC executives were braced to lose. The commission's report found that both the BBC and TTP were engaging in an anti-competitive process but decided on the casting vote of the chairman Sir Godfray Le Quesne that this was not oper-ating against the public interest. The fear was that no one else would provide the same detail on regional programmes

or radio. Since then, the tide has started to run much more started to this monopoly. In Ireland, the BBC, ITP and RTE, the Irish broadcaster, are awaiting the outcome of their appeal against a ruling that withholding their schedules from Magill magazine was an abuse of their powers.

In December 1988 the Euro-pean Commission decided that the times and titles of programmes "should be in the public domain."

There will now be a full hearing of the issue before the European Court of Justice, which is likely to start in something between 12 months and two years. A further attack on the monopoly is also likely to come from the UK Government. Home Office officials have been asked to look into how it could be done.

The political will is there the problem is the means." says one official. The problem is that last year, the overhaul of Britain's copyright law strengthened the concept of intellectual property and with it the position of the broadcast-

Once the monopoly goes, the market will be flooded with competitors, including newspaper supplements and rival magazines. Mr Rupert Murdoch, for example, would like to turn TV Guide, his new general interest television magazine in the UK, into a full listings magazine after the fashion of its US namesake.

But these would-be competi-tors may have to be patient. Though ministers appear determined to stamp out another small monopoly, they could well decide to leave the issue to Brussels rather than changing UK law first. If that is so, Reed will have got a bargain in TV Times.

Delays at court

From Mr Richard Wright In March 1981 Mr A.H. Hernann, your legal correspon-dent, published an article enti-tled "A red light for English Courts." It concentrated on the poor administration of the court system and it drew from ord Hailsham, the then Lord Chancellor, a stinging rebuke. In answer to Mr Hermann's

view that the legal aid system was only available to the very poor, the rebuke contained the remarkable statement that the system "covered about three quarters of the population."

On the same day as you published Lord Hallsham's letter you published a letter from me headed "Overhaul the legal system." I remain convinced that the delay and expense of that the delay and expense of civil litigation in England and Wales is not primarily because of the legal profession but rather the lack of facilities and manpower in the administration of the court system itself.
I called for the Lord Chancel-

lor's Department to be exam-ined. In the House of Lords it is, in effect, cocooned; the House of Commons seems unable to discover much about the working of the department.
The practices of the Bar, and
of solicitors, can be improved,
but the primary reasons for

 Inadequate numbers of judges;
Inadequate court facilities;
Inadequate numbers of

court staff:

Unreasonably complicated court procedures.
What is not generally known is that over these items neither the Bar nor the Law Society has any control. They are all the responsibility, in one degree or another, of the Lord Chancellor and the judiciary.

From The High Commissioner

From The High Commissioner of Brunei Durussulum.
Sir, The review of Lord Chalfont's book, By God's Will, (May 11) contains surprising comments. Whether or not Lord Chalfont claims much credit for his research, I assure you that it was thorough and comprehensive.

It took place over a period of more than a year in my com-

more than a year in my country and elsewhere, and it

included several interviews

with His Majesty The Sultan — a privilege accorded to no other author.

Interpreting Brunei

In 1981 I asked for the immediate introduction of modern technology, including computers. So far as I know, in relation to the administration of cases themselves (other than the accounting function and a small system which deals with the Court of Appeal) there has been little introduction of such technology. There has been talk for years about computerising county court proceedings

 but it is only talk.
 Modern technology would enable both the High Court and the county court to ensure that cases progress speedily, or at least without undue delay.
Although existing legal technology could easily provide this, the Lord Chancellor's department has failed to take advantage of it.

The truth is that the administration of justice in the UK is no further forward than in the 1960s. The last 25 years have been extraordinarily disap-pointing. While the Bar and the Law Society may not have moved as far as many would have liked, they have moved. It is difficult to see that the Lord Chancellor's department has done anything but tinker with inadequate, out of date

machinery.
I hope that before he retires Mr Hermann will let us have the benefit of an update of the views he so eloquently and accurately expressed in 1981. Perhaps the public might then come to the conclusion that before trying to remove the motes from others' eyes, the Lord Chancellor would be better engaged in removing the beam from his own. R.W. Wright.

Temple Bar House, Fleet Street, EC4.

thews. Furthermore, His Majesty was extending to Mr Matthews the courtesy of conducting the interview in English, without interpretation

from and into his own lan-

·guage.

Penigran Haji Jaya,

Unreasonably complicated

From Mr P.J. Bull.

Sir, Your leader, "The cost of a journey" (May 8), and suggested charge for driving in London based on distance travelled, time of use, and so on, is wide of the mark. And Mr Andrew Tricocote of Sheffield's Andrew Tylecote, of Sheffield's School of Management and Economic Studies (Letters, May 11), has clearly not under-stood that the problem is more Your reviewer's gratuitous your reviewer's graduitous interview with His Majesty deliberately distorts a joke made by the Sultan about the list of more than 30 questions which had been submitted by Mr Mathematical Part of the Majesty of the Sultan about the list of more than 30 questions which had been submitted by Mr Mathematical His Majesty of the Majesty of

recent examples are:

Building construction on both sides of Trafalgar Square, in St Martin's Lane and on in St Martin's Lane and on Hyde Park Corner (construc-tion vehicles hold up traffic); • Digging up streets (Bond Street now, Chelsea Embank-ment and Warwick Way last year), allowed to take mouths instead of weeks;

instead of weeks;

Sightseeing coaches and

Mrs Thatcher's objection to the European Commission's proposals for the Lingua programme, and for standard health warnings on cigarette packets, reveals the contradictory nature of her position on Europe. On the one hand she supports the concept of 1992. On the other, she rejects any moves towards a regulated fed-

From Mr Simon Allison

'Eurocracy' can be checked

Yet 1992 implies a "level playing field." This demands supra-national bodies to enforce it; and this, in practice, means the European Commission and the European Court. In many areas (such as, for

example, merger policy) these bodies already hold sway over both the 12 national parliaments of the EC member states, and their European counterpart.
With the Single European

what type of decisions are Simon Allison,

Europe's civil servants

From Sir Robin Williams. Sir, Your leading article "Britain's role in Europe" (May 17) observes that the European Commission employs a much smaller staff than most UK government departments.

In asserting this you over look the fact that most staff who operate the European Community system are on the national payrolls of member countries. For example, the staffs of the customs service in all 12 member countries are exclusively employed in working for the EC because customs duties are treated as "own resources" of the Community, and are paid into its central

fund, not into national exche-Similarly, the staffs of the

intervention boards for agricultural produce, who store the "food mountains," are exclusively engaged in operating the common agricultural policy. Britain had no intervention board for agricultural produce before EC membership. Thus if all these staffs in the

member countries are added in - as they should be - the true numbers of staff working for the EC are large indeed. Robin Williams, British Anti-Common Market Campaign, cjo 81 Ashmole Street, SW8

divert attention from the real

problem. P.J. Bull,

Jams made in London

park in Trafalgar Square and Parliament Square (why?); • Coaches dawdling around the sights of London: • Conversion of stretches of Conversion of stretches of the Embankment into parking lots for tourist coaches, caus-ing through traffic delays when the coaches move in or out of the bays;
 Delivery vans and illegal parkers allowed to get away with it "for a minute or two."

one of impediments to traffic flow than traffic volume. Delays are attributable to a variety of culprits. A few These are all symptoms of maladministration. No single London authority has over-rid-ing responsibility for ensuring that priority is given to the flow of traffic. Why clobber, with additional ing illegally nor causing inconvenience to others? Electronic road pricing would not tackle the causes. It would simply

ice-cream vans permitted to

Act now in place, such Euro-cracy can only be checked by giving real powers to the Euro-pean Parliament and establishing, eventually, a federal con-stitution which determines taken at the centre, and which are left to national govern-

The European Movement, Whitehall Place, SW1

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FINANCIAL TIMES

Wednesday May 31 1989



Arrests heighten tension as Peking protest goes on

residents gathered in Tianan-men Square last night to con-demn the earlier arrests of three men who had formed an independent workers' union. The arrests of the three, two

of them railway employees, could herald a broader crack-down against dissent. The men were taken to a police station near the square, which was soon surrounded by a large and angry crowd of protesters. The arrests followed the detention of 11 motorcyclists who were part of a band called the "flying tigers brigade" which has kept students aware of troop movements around the city. The bikers, mostly young entrepreneurs, have been accused of attempting to organise a strike among steel-workers, threatening police and stealing petrol.

Last night, the square was crowded with curious workers who had heard about the "goddess of democracy" statue erected by the students despite harsh warnings on national

THOUSANDS of Peking television that the building of the monument was an unpatri-

> Xinhua, the official news agency, carried a demand that the statue be removed and said that its presence was "an insult to the national dignity and image." Loudspeakers in the square broadcast messages from the Peking Government characterising the statue as anti-Chinese and pro-American. The students have threat-ened to concrete it in place.

> The Communist Party infighting, meanwhile, remained unresolved yesterday, indicating that Deng and his associates are having difficulty convincing at least a few senior officials of the need for

> Zhao Ziyang, the party general-secretary, Qin Jiwei, the Defence Minister, and several other leaders are expected to lose their jobs in coming days for having conspired against Deng and for having allowed the spread of bourgeois ideas.

Officials with links to a welfare fund run by Deng's disa-bled son, Deng Pufang, have been negotiating with the stu-dents and claim to have the implicit support of the para-mount leader in offering a package of compromises in exchange for an end to the pro-

The students had planned to leave the square yesterday, but many demonstrators decided to stay on until the National Peo-ple's Congress, China's parlia-ment, meets on June 20. Dis-cussion of political reform is to be on the Congress's agenda.

Deng, aside from his prob-lems with the party, is also concerned about his influence in the Congress, which is chaired by Wan Li, a reformer who has expressed his support for Li Peng and the introduction of martial law. Li is, how-ever, widely considered to be waiting for the right moment to move against the present conservative leadership



Reaching for reform: Students yesterday erect a "goddes of democracy," modelled on the US Statue of Liberty

Indian paper fights corruption

David Housego on a folk hero whose principles are not for sale

NE OF THE first things do each morning". says a senior Indian civil servant, "is read the Indian Express."

For both the opponents of Prime Minister Mr Rajiv Gandhi's Government and those who stand to lose by the paper's disclosures of corruption and influence-mongering in high places, the Indian Express has become an increasingly important land-mark of political life in India.

During the session of parliament just ended, the Express provided the Opposition with the material for three of the main issues on which it challenged the Government. The

Express:

• Leaked the contents of the confidential Thakkar report into the circumstances of for-mer Prime Minister Mrs Indira Gandhi's assassination – thus revealing that Mr Gandhi had appointed as his close adviser a man whom the government ap-pointed commission alleged was implicated in the conspiracv to murder his mother Disclosed that Mr Balram

Jhakar, Speaker of the Lok Sabha (lower house), had been assisting an American businessman to promote a machine for manufacturing fodder from dry seed on which Rs35m (\$2.1m) of customs duty had not been paid; and
Published a draft text of the Panchayat Raj Bill which proposed more village-level decentralisation before it had reached parliament - thus putting pressure on the Government to modify clauses which seemed to reduce the power of

The paper has also just made

£ comes under

at Y142.745. The Dow Jones Industrial Average closed 18.22

The predicted rise in Japan's discount rate from 2.5 per cent to 3.25 per cent and a bout of

intervention by the Bank of

Japan had already been well

In New York, trading was

very active in the dollar with

two different views in the mar-

Some dealers have become

ket producing heavy volume.

more cautious in the wake of

the Japanese discount rate rise

because of widespread specula-tion that the US Federal Reserve may be considering a complimentary easing in US

Others remain bullish about

the dollar, partly because they believe the economy is still robust outside a few isolated

sectors and that any easing in

interest rates will be minor

given concern among Fed offi-

cials about inflation.

new pressure

Continued from Page 1

down at 2,475.55.

interest rates.

damaging parliamentary report into alleged irregulari-ties over the purchase of West German submarines for the

vide fresh ammunition to opponents of Mr Rajiv Gandhi, opponents of Mr Kajiv Gandin,
India's Prime Minister, writes
K K Sharma from New Delhi.
Mr Ghandi has faced persistent attacks during the last
three years over allegations
concerning pay-offs in defence
deals to friends and associates. According to weekend editions of the Express and the Statesman newspapers, the report by Parliament's Public

Indian Navy is likely to pro-

damaging disclosures on the alleged suppression of a parlia-mentary committee report on the purchase of German sub-

The Express is owned by Mr Ramnath Goenka, 87, who defied Mrs Gandhi's Emer-gency in the 1970s and likes nothing more than a stand-up fight with government. But the recent revelations have been master-minded by Mr Arım Shourie, whom Mr Goenka had sacked but brought back in

Mr Shourie is a moralist with what in Europe would seem an almost Biblical mission to root out corruption and wrong-doing in Indian public life. Self-righteous, iconoclas-tic, often shrill and verbose - his articles can run to several thousand words - he can also be funny and irrever-

After the Speaker's involvement in the promotion of fodder machines had emerged. Mr Shourie ridiculed him in an

article that quoted speech after

By Peter Norman in Paris

THE US decision to name Japan, Brazil and India as unfair trading partners could

be seen as a way of opening markets and expanding world trade, said Mrs Carla Hills, the US special trade representative

At a press conference in Paris, she said that US use of

the so-called Super 301 provisions of last year's Trade Act would benefit other countries

besides the US and was there-

fore supportive of the multilat-

eral trading system. She said that the priority for

the US was to bring the Uru-

guay Round of trade liberalisa-tion talks to a successful con-

clusion by the deadline of December 1990. The US wanted

to expand coverage of the Gen-

eral Agreement on Tariffs and

Trade (Gatt) to prepare it for the 21st century by adding ser-

Accounts Committee was sup-

The unpublished report said that the recommendations of the Ministry of Defence and the Indian Cabinet to buy four West German submarines for about Rs6bn (\$360m)in prefer-ence to a Swedish offer were based on considerations "other than technical and financial," according to the newspaper. It reported that the choice was prompted by an "outrageous mistake in financial evaluation against the interest of the

speech of Mr Jhakar's in defence of "the primacy of moral values and ethical conduct in our public life". He ended the article by urging people: "Each time the Jakhars

mouth humbug say 'Fodder.'"
Quietly spoken and intense,
he has worked for the World
Bank and written books on religion. He is not popular with other journalists. Many in and out of government see him as obsessive in his attacks on Mr Gandhi and his administration. He says his task is "to help people see the face of our rulers - their competence, their

cleverness, their incompetence and bumbling around." The Express, more than any other newspaper, gets its suc-cession of leaks because it is seen as willing to stand up against injustice and corruption. In this way Mr Shourie has become something of a folk hero who is accosted wherever he goes. He believes that a far greater responsibility has devolved on the press because

other institutions such as the

US says stand on unfair trade

vices, intellectual property,

agriculture and international

investment to its present areas

of responsibility.
Mrs Hills, a top Washington

lawyer before joining the Bush Administration, showed her

legal training to advantage in her robust defence of the US decision to implement the

Super 301 provisions against selected trading partners. She countered suggestions

that the Act's prescription of bilateral talks with, and even-

tual US retaliation against, supposedly unfair trading part-

ners would undermine the

multilateral trading system enshrined in the Gatt.

had benefited from earlier US

bilateral trade talks with

Japan. Australia, for example.

She said that other countries

could expand world markets

become weak-kneed.

But since only a parliamen-tary opposition can legally bring down a government, he blames them for failing to exploit their opportunities. He thinks their divisions and the ineffectiveness of their leader-ship could have "irretrievably harmed their chances" of winning the next election.

The Express has already come to feel the impact of the growing perception that the opposition could lose. Until recently, magistrates and offi-cials discreetly circumvented some of the legal and tax cases

against the paper.

The Express has had to pay heavily for its opposition.

Loans from the state-owned banking sector have stopped. For years it has had no advertising from the Government or public sector corporations. It faces 220 charges from differ-

ent government departments. Most recently, Mr Shourie says, it faces income tax India, those facing income tax charges have to pay first and appeal afterwards.

The paper survives on rental income from its properties. Readership, which in Delbi grew by 30 per cent in 1987 when the scandal over the Swedish arms group Bofors and other scandals were in the

news, has flattened out.

Mr Shourie clearly believes
he has plenty of ammunition
tucked away and ready to fire before the election. But if the Prime Minister should come back with the majority he has now, then "in three weeks he will finish us."

nese market for beef, while Italy was "very much enjoy-ing" the results of the US open-

ing of the Japanese market for

The Super 301 decisions were to be seen as a move, using the

leverage of the large US open domestic market, to expand

the multilateral trading sys-

which opens in Paris today.

Japan, which is the only

named "unfair trader" in the

It is uncertain whether

citrus products.

tem, she said.

parliament

By Quentin Peel in Moscow

purges of political opponents. He delivered a furious defence of the use of troops to break up a nationalist demon-

At the same time Mr Dzhumber Patiashvili, leader of the Georgian Communist Party at the time of the tragedy, Viktor Chebrikov, former head

being involved.
While accepting responsibility for the tragedy, he also attacked the army commander for failing to admit that his troops used sharpened shovels and toxic gases on the demon-

destroy innocent people."
Fourteen of the 16 who died

It is unlikely that US trading outright attack on Mr Mikhail partners will take such a benign view of Washington's Gorbachev's perestroika, and the upsurge in nationalism and moves in the two day annual ministerial conference of the open press reporting to which it has given rise. Organisation for Economic Co-He blamed the entire Georoperation and Development

gian demonstration, and its tragic outcome, on incitement and provocation by extremists. It was "anti-Soviet, anti-Socialist and anti-Russian." He quoted slogans saying: "Let us put an end to Russian Commu-nism, to Russian imperialism."

Tbilisi riot measures split Soviet

BITTER DEBATE over the use of soldiers against unarmed demonstrators in Tbilisi, Geor-gia, last month, which led to 20 deaths, yesterday split the new Soviet super parliament. Colonel-General Igor

Rodionov, commander of the Transcaucasian military dis-trict, charged that the situation in the Soviet Union today was worse than in 1937 - at the height of Stalin's bloody

stration in the Georgian capital, in an emotional, televised debate which split the new Congress of People Deputies, the countries supreme parlia-ment, down the middle.

claimed that the decision to use the troops had been taken in Moscow and accused Mr of the KGB, and General Dmitri Yazov, Defence Minister, of

Earlier, General Rodionov was accused of launching a punitive operation against peaceful demonstrators, delib-erately designed to teach them a lesson.

Professor Thomas Gamkrericlessor inomas Gamkre-lidze, head of a Georgian inquiry into the tragedy, said the troops commanded by Gen-eral Rodionov had used "sharpened shovels, truncheons and toxic gases" in the attack.

"These troops are regarded by the people as professional murderers," he said, to repeated applause from one half of the Congress. The mil-itary operation was "conceived not with the aim of dispersing a peaceful demonstration, but as a punitive operation to

on the night of the demonstration were women. General Rodionov's response amounted to little short of an

A strange calm in equities

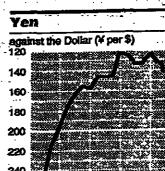
The Japanese did their bit to give the interest rate merry-go-round another whirl yesterday, and the West Germans are overdue for a move. It is looking increasingly likely that Britain will have to jump its turn and have another go at raising base rates if the pound keeps on behaving like it did yesterday. The failure of the yesernay. The famile of the steady rise in global interest rates to halt the dollar's surge is of obvious concern to the world's central bankers, but the equity markets remain remarkably unconcerned. Several European stock markets are at or around their all-time highs, the West German mar-ket is at a 1989 peak and the UK market has held up surprisingly well so far.

If global interest rates continue to rise unchecked, the chances of the world economy slipping into a deep and pain-ful recession increase. But for the moment, these risks are more than outweighed by the belief that the US authorities will ease their monetary policy rather than let the economy go into a steep decline. Equity markets are looking through the current economic slow-down, into a period when infla-tion is subdued and corporate profit growth is once again on a rising trend. This optimism may prove well founded eventnally, but the longer the dol-lar's rise continues the greater the risks.

The UK economy is more vulnerable than most. Last week's defensive rise in UK interest rates was an embarrassing failure, and the result is that the UK authorities now face a serious policy dilemma. To re-establish the credibility of their anti-inflationary poli-cles, some serious shock treat-ment is needed. This is unlikely to be palatable either to the UK equity market, or to their political supporters.

Gateway

It rather looks as if the increased offer for Gateway will do the trick. In its raid on the market yesterday, Isosceles claims to have achieved its £100m spending target in just 12 minutes; and even Mr Garry Weston, it appears, sees the new offer as a material improvement. Indeed, though the increase from 195p to 210p does no more than make up for the rise in the food retailing sector since the first offer was made, it is in one respect rather generous. Those who want to take the extra in the form of shares could end up controlling over half the new



company, while still pocketing the original 195p. It therefore seems that the only hope for a higher price lies with Mr Monk. Doubtless, he will have been busy on alternatives, but he only has about five weeks left. In fact, the market has never had much faith in a rival offer, whether inspired by Mr Monk or not. The whole Gateway sitnation has become very messy, and anyone else getting involved would have to be nation has become very me

either from outside the UK, or

outside the retailing sector. It is asking a good deal.

1985 86 87 88 89

Reed International

It is a little unfortunate that Reed's latest deal should be so hard to value, given that its shares have underperformed the market by 28 per cent in the past 10 months. The TV Times programme monopoly is likely to be outlawed some time between now and 1992, when the present TV contractors' franchises expire. The deal therefore falls into two phases: Reed is paying maybe six times earnings for the first couple of years or so, then tak-ing a punt on what happens under deregulation.

It can be assumed that Mr Murdoch, already involved in UK TV listings, will step up the competition in an open market. But Reed is paying for advance expertise, and can point to the example of West Germany, where four or five big publications are claimed to make a decent living. As mardislodge: and though Reed is new to the market, it claims to tion. In any case, this kind of portfolio investment again. - -----

thing lies so clearly within IPC's range of competence that it deserves the benefit of the doubt. It is merely a pity that it will take the market so long to see the proof.

Sedgwick

Sedgwick's financial perfor mance over the last few years has been so disappointing that the stock market cannot make up its mind whether the company should be regarded as an account account of the company should be recovery stock or interesting recovery stock, or an obvious takeover target. Judging by yesterday's rise in its share price on news that the standstill agreement with its biggest shareholder – Transamerica Corporation – was being terminated, the takeover story still carries considerable sway, even if it is almost cer-

tainly overdone.

Although Transamerica
would be free to bid early next year, there are several reasons why it is an unlikely suitor. Sedgwick is already valued at close to 20 times prospective earnings, and the goodwill Transamerica would have to absorb would play havoc with its balance sheet ratios. Sedg-wick's new management team is beginning to get to grips with the group's expense prob-lems, and provided the insur-ance cycle begins to improve, it should be able to earn £200m plus in a couple of years. How-ever, the takeover possibilities will re-emerge if Sedgwick fails to perform, or if Transamerica itself become a takeover target.

Biotechnology

The move by two big Japa-nese companies into Bio-Iso-lates completes a familiar cycle among biotechnology stocks. First the flotation, complete with wild optimism about the time and resources needed: then the surge and collapse of the share price: then the arrival of the big corporations actually equipped to take the technology forward. Bio-Isotechnology forward. Sio-iso-lates was never a true biotech-nology stock at all, but in the hi-tech investment atmosphere of 1982 that was a mere quib-ble. Floated at 33p, the shares went to 425p, and by the first rights sue in 1985 were back to 33p again. The story has parallels in other markets. Even the most commercially successket leader with 3m circulation, ful of the hiotechnology compa-TV Times should be difficult to nies, Genentech of the US, has fallen far short of its initial promise. Doubtless, the cycle is have spent two years researching it, with a view to launching its own product after deregula—

name spent two years researching past its trough: but it may be asked whether biotechnology its own product after deregula—

will ever be a serious target for

THE WORLD OF TI

TI's new acquisition in Germany WITH THE acquisition of Expanding into new markets for growth. It will have access to Mecano-Bundy GmbH, T1 has As T1 has expanded its small Bundy International's wealth of

Bundy, a Heidelberg company in which Mannesmann AG held Developing technology

850 employees.

of \$4.5 million on a turnover of tion to TT's Fulton technology. Sweden, West Germany and the nearly £39 million, and which has Acquiring Bundy Corporation UK. The addition of Mecano-Sid Taykar, Director, 17 Group pic & President

just taken another important diameter tube business from its patented knowledge, systems step to consolidate Bundy original success with Fulton, capability and coatings technol-International as the world leader each step has brought obvious ogy. It will contribute to Bundy in small diameter coupled tube benefits in market presence. International's ability to identify and hose systems.

benefits in market presence. International's ability to identify and hose systems. First came the 1987 purchases leadership, Bundy Corporation ing solutions in products ready of Armco's European small brought North American leader for installation in automotive, diameter tube interests and of ship, and combining them with refrigeration, aerospace and ITT's 49% holding in Fulton resulted in a world industrial applications. This sys-These were followed in April leadership position for Bundy tems capability now offers a uni-1988 by the acquisition of Bundy International. The acquisition of que range of hybrid materials Corporation, which was not only
North America's largest manufacBundy as the European market stainless tube and Tefion and turer of small diameter tubing leader by providing a manufac- nylon hose - which provide but also had subsidiaries and turing base and market presence optimum solutions to customers' interests in many parts of the in West Germany, a significant needs. world. Among these was Mecano-marketplace for Bundy's products.

technology but also expertise in technologies in the world," nylon extrusion and manipulation, valve technology and a fittings capability.

Benefits of course flow two

ways. Mecano-Bundy will now

ing solutions in products ready

Growth prospects

Commenting on the Mecano-60% and Bundy 40%.

But there is another, less Bundy acquisition, Sid Taylor.

This March TI agreed to buy obvious but highly important President and Managing Director Mannesmann's holding for benefit in this programme: build- of Bundy International, says: approximately £22 million and ing a sustainable technological There are exciting growth prosthis move has just received the leadership position. Armoo, once peets for Mecano-Bundy as part necessary regulatory approvals a licensee of Bundy Corporation, of Bundy International. We now in Germany. TI is now sole had over several years further have a European operation owner of a company which last developed its own technology which manufactures in Belgium, year produced profits before tax and this made a significant addi- Denmark, France, Italy, Spain, provided access to the latest Bundy will improve our unrivalled developments of the original global service to customers by technology for double walled offering a complete range of high tube. Now Mecano-Bundy brings performance products and sys-not only a different aspect of this terms that incorporates the best



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WORLD WEATHER

OECD, will consent to bilateral talks with the US on the issues was profiting from the US success of opening up the Japaraised by last week's decision. Nato short-range weapons compromise

Continued from Page 1 sets out its future policy frame-

work for arms control. Nato leaders also adopted as alliance policy the proposal put Vienna talks. These envisage a 20 per cent cut in US troops in Europe and bigger Soviet reductions in Eastern Europe to match a new US level of 275,000. They also signal Nato's agreement to extend the scope of the talks to combat aircraft and helicopters, aiming at totals 15 per cent below current Nato levels.

Mr Bush's hope for an agree-

ment in six months to one year was described by Mrs Thatcher, however, as "very optimistic." Mr Shevardnadze, in Paris for a human rights conference, called the proposal for speeding up the Vienna talks an "an attractive idea"

though he too questioned its feasibility. Both Mrs Thatcher and President François Mitterrand of France also insisted that reductions in aircraft should not touch upon their countries' nuclear air-strike capability. Mr Mitterrand said, however.

that this did not stop him from agreeing to the US arms control proposals. Nato's Comprehensive Con-

cept sets out aims for East-West relations, security and arms control. It reaffirms principles set out for the alliance in the 1967 Harmel Report. In their declaration at the end of the summit, Nato lead-

the role of the alliance.
We want to overcome the painful division of Europe which we have never accepted," they said.

ers made a strong statement on

be fully integrated into Bundy International's global strategy and will have new opportunities Wednesday May 31 1989



Juicy fruit ripe for growth



The failure of Minorco's bid for Consolidated Gold Fields has turned the City's attention towards other plums in the portiolio of Anglo American's Luxembourg-based investment vehicle. One of the juicia strategic part of the platinum network oper-

pany in the empire controlled by Mr Harry Oppenheimer (above). Kenneth Gooding reports on the group which, having recovered from the collapse of its banking subsidiary in 1985, is preparing for further growth, Page 31

Smaller fry take the limelight

Sharp movements in some of the world's smaller markets dominated the global equity shaller markets commared the global equity scene for a second week as Mexico continued its rise and Hong Kong plummeted: Performance was far more muted in the leading markets of the US and Japan, so that the FT-Actuaries World Index ended almost unchanged, with a loss of just 0.1 per cent. All-son Maitland reports. Page 46

Flat launches buyback plan



Fiat, the Italian motor its and announced

plans to spend up to L1,000bn (\$689m) buying in its own shares. The buyback plan comes 32 months after Flat arranged for a consortium of banks to acquire two-thirds of a \$3.1bn block of Flat equity that was sold by the Libyan Arab Foreign Investment Company. This share sale, which left many underwriters with large blocks of unsold Fiat stock, has for the past two years kept the company's shares at an unrealistically depressed level, despite strong earnings. Page 22

Danish farmers feel the pinch

Even the biggest, most efficient Danish ferms have seen their profitability drastically reduced over the last four to five years as European Community policies have pushed down the prices of many crops by 25 per cent. In his Farmer's Viewpoint, David Richardson examines how the country's farmers are coping.

Recovering from pitfalls



A few years ago flex-ible manufacturing regarded as the only answer to smallattempts were made to jump too many technological hurdles at once and the acro nym FMS started to be associated with

Today the idea may not be as trendy as it was, but it is alive and producing good results for many manufacturing companies. Page 33

Market Statistics

Base lending rates Senchmark Govt bon European options exch FT-A indices FT-A world indices FT int band service Financial futures Foreign exchanges London recent issues

London share service London traded options London tradit: options Money markets
New int. bond issues
World commodity prices
World stock mid indices UK dividends announced Unit trusts

Companies in this section

Aberdeen Petrojeum Acatos & Hutcheson Alderson Laboratory All Nippon Aliways Alpha Zinc Anglia Secure Homes BBA BBA Group Bank of Nova Scotia Sirmingham Battery Sienheim Exhibitions Broad Street Group Bromsgrove Indust Castle Comms Crown Communications

28 IBM
32...EP Securities
30. James Finlay
24. Japan Air Lines
31 Ketson
27. LVMH 27 Lyon & Lyon 31 Mirra Hidgs 26 Molins Nichols (JN) (Vimto) Page Avjet Pennant Group Pennwalt Porter Chadburn

Douwe Egberts Euro Home Products

Rentokii Rolfe & Nolan 27 SITEV 27 Sea Containers 22 Seaforth Maritime 23 Sedgwick Group Suez Summer International 22 Taylor Woodrow 30 Technobank 28 Templeton, Galbraith Firth (GM) · GKN Goodhead Group

William Cook

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EC objects to Van Nelle deal with Douwe Egberts

THE EUROPEAN Commission has issued a formal objection under EC competition rules to the F1 390m (\$110m) takeover by Douwe Egherts, the food and household products group, of Van Nelle, the company's main rival in the Benelux market for ground

The Brussels authorities can force Douwe Egberts, owned by the US foods group Sara Lee Corporation, to abandon or make hig changes to the merger if Douwe Egberts, based in The Netherlands, fails to disprove their suspicions

Sir Leon Brittan, Commissioner for competition policy, has written to Douwe Egberts warn-ing that he believes the deal amounts to an abuse of a dominant market position, outlawed by Article 86 of the EC Treaty. The takeover was completed in

Douwe Egberts has two months to respond, said Commis-sion officials. Brussels has never tried fully to unscramble a com-pleted takeover, though last year

Company

SD/Scicon

Serne Group Finsiel Stigos GSI

is today.

26 30 31

31 28 32

1988, an increase of 39.3 per cent

over the figure for 1987. Even stripping out the contribution of

Sesa, another French computing services company which CGS took over in 1987, growth was 23.7

Net profit was FFr402m, a 43.6

per cent increase on the previous

per cent increase on the previous year and 6.9 per cent of revenue, a record for the group. The company claimed, furthermore, that its internal growth in each of its three main markets — France, the rest of Europe and the US — was considerably greater than that of the local market.

Last week it said that its reve-

Last week it said that its revenue for the first quarter was

FFri 57bn , 19 per cent more than in the equivalent period last year,

and in line with predictions of

total revenues for the year of FFr7bn with profitability to

match. Mr Jerry Jerram, finance director of the UK company SD-

formula for success unusual in the software business (which,

observers note, is often equated with anarchy). Its features

• An excellent capital structure

which enables the management to control the company with

long-term support from a number of French banks.

● A clear and aggressive business focus which puts strong financial and social pressure on

its managers to perform. If they fail to meet their agreed targets, they are in trouble.

• An inviolate decentralisation

policy which lays down that when any of its branches - cur-



it did block an anti-competitive consortium bid for Irish Distillers, the drinks group, and demand substantial changes in

British Caledonian. Douwe Egberts' sales of Fi 4.6hm in the year to last June gave it a 60 per cent share of ground coffee consumption in

the British Airways takeover of

The Netherlands, Belgium and Luxembourg. Rotterdam-based Van Nelle, with its F1 700m sales, adds another 8 per cent to the enlarged group's share of the Benelux coffee market.

Coffee only represents 17 per cent of Van Nelle's sales. The rest are in tea and tobacco products. The combined company is expected to have a turnover of about Fl 7bn this year, estimates

Donwe Egberts.

The pair are most dominant at the quality end of the ground coffee market. Most of the competition comes from brands marketed by supermarkets and chain by supermarkets and chain stores under their own names. "We are not satisfied that you would have free competition where 68 per cent of the market is taken by two brands," said a Commission official.

A Douwe Egberts official pointed out the Commission had no objection to the merger of the companies' other activities. The group was studying the Commis-sion's objections and had no further comment at present, he said.

Isosceles raises offer for Gateway

THE BID battle over Gateway Britain's third largest food retail group, intensified significantly yesterday as the bidder, the newly-formed Isosceles company, raised its terms and made its first market purchases since the tussle began. It is believed to have snapped up about five per

have snapped up about five per cent of its target's shares. However, the revised terms brought an immediate rejection from Gateway. Associated Brit-ish Foods, by far the largest Gateway shareholder with 15 per cent, described the terms as "a much better offer," but said it would wait to see what Gateway would wait to see what Gateway

came up with.

The new, increased offer which has been declared final
unless a competitive situation emerges – gives shareholders the chance to retain an equity involvement with Isosceles. This is in contrast to the earlier offer which took the form of cash only, with a partial loan note

only, while a partial toan note alternative.

The bidder is raising its cash terms from 195p-a-share to 210p, which values Gateway at £1.87bn compared with £1.73bn previously. The partial loan note alternative remains. The Gateway where where where the partial 197n. way share price rose from 197p to 204p last night. But Isosceles is also adding an

alternative offer of £390 in cash and one Isosceles unit for every 200 Gateway shares.

Each of the units will comprise three ordinary shares and nine cumulative redeemable preference shares in Isosceles. Pan-mure Gordon, Isosceles' brokers, have valued each Isosceles unit at not less than £30, or 15p per Gateway share.

Each Isosceles unit is expected

to have an initial gross dividend yield of 6.3 per cent. If all existing Gateway shareholders were to take up the cash and paper option, and after allowing for the dilution involved in full exercise of the Isosceles warrants which attach to another part of the financing, they would have 52 per cent of Isosceles. This figure, however, does not

allow for dilution from the exercise of any share options which the bidder plans to offer to Gateway staff.

Maximum dilution from this would leave existing shareholders with slightly under half the Isosceles equity. Full details of the Isosceles capital structure will be set out in the formal offer

The bidder made clear yester-day that, in order to fund the increased offer, it will only increase the debt involved in the bid from 21.76bn to £1.9bn. Lex, Page 20

Arnault's LVMH stake sequestered By George Graham in Paris

THE PARIS commercial court

yesterday ordered the sequestra-tion of part of the controlling tion of part of the controlling stake in drinks and luxury goods group LVMH held by the company's chairman, Mr Bernard Arnault, in partnership with the UK drinks group Guinness. But the ruling left unclear the balance of power in the long-running battle for control of the group, with both sides claiming the judgment strengthened their band.

The court asked Mr Regis

Rousselle, the chairman of the French stock exchange, to sequester an issue of LVMH bonds with warrants, along with the shares resulting from exercise of these warrants.

The freeze on the shares is

temporary, pending final judg-ment by the same court on the validity of the controversial bonds with warrants, which were placed by Lazard Fréres, the Paris merchant bank, in 1987. The contested warrants and shares make up around 11.4 per cent of LVMH's fully-diluted equity. The Arnault camp holds

in total 46.5 per cent of the group's capital and 35 per cent of its voting rights. The decision appeared to be a setback to Mr Arnault in his battle with Mr Henry Racamier,

chairman of Louis Vuitton, the luggage company which merged with champagne and cognac pro-ducer Moët Hennessy in 1987 to

TV Times publisher

By Raymond Snoddy in London

REED International, the

to approval by ITV companies Page 19; Lex. Page 20

judgment allows the voting rights on the sequestered shares to be used in the case of a challenge to his management They believe, too, that the judgment leaves them free to act at the subsequent shareholders

meeting of Louis Vuitton, on June 13, at which Mr Arnault is expected to use LVMH's voting control to try to oust Mr Raca-

The two men have been at odds

since Mr Arnault won control of LVMH and took over its chair-manship in January. The seques-tration would increase the share

tration would increase the share of LVMH's voting rights held by Mr Racamier and the Vuitton clan to 30 per cent.

An LVMH official said, however, that the group was satisfied with the decision, in part because it maintains the date of its shareholders' meeting unchanged on Ima 9

Mr Arnault plans no controver

sial motions at this meeting, and his advisers note that yesterday's

Mr Racamier is now trying to put the Vuitton meeting off for as long as possible. It can be delayed to June 30 by decision of the board, which he controls, but a further delay would be juridi-cally difficult.

Vuitton officials noted, how ever, that the judgment called for no irreversible decisions to be taken on the management of the

to be bought by Reed

nues.

publishing and information group, is to buy independent Television Publications, which publishes TV Times, the commercial television listings magazine. for an initial £113m (\$179.7m) in

In addition, Reed, Britain's largest magazine publisher, will pay the ITV companies that own ITP 22m for every quarter that the exclusive television listings monopoly survives during the ct three and a half years. The existing owners will also receive a special £10m dividend to be paid by ITP from its retained profits ahead of the sale.

Reed's main challenger for ITP was a management buy-out team led by Mr Don Cruickshank, former chief executive of the Virgin Group. It is believed the buy-out team came close to matching the Reed price, although its proposal would have involved the ITY companies retaining a stake.
The Reed acquisition is subject representing 75 per cent or more of total net advertising revenues. The deal will be the biggest consumer magazine acquisition Reed has made. Apart from TV Times, ITP publishes Look In, a children's TV guide, and Chat, a

women's magazine,
The ITV companies put ITP up
for sale in January, partly because of uncertainty about how long the listings monopoly would last and partly because of their own uncertain future. The Government wants to see the new commercial broadcasting licences, due to run from the beginning of 1993, awarded by competitive tender.

TV Times is projected to earn net profits of £24.1m for the year ending July 1989, compared with £18.9m in the previous year. The ITV companies will divide the proceeds of the sale according to their three-year average proportion of net advertising reve-

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Chief price changes yesterday

OW LONG can CAP Gemini Sogeti (CGS), the French-based group which now leads the European special part of the control of the co computing services industry, keep to its steady upwards track? Indefinitely, according to Mr has adopted a combination of powerful organic growth coupled with an aggressive acquisition policy which saw four European companies — Data Logic of Swe-den, Hickkamaki of Finland and Serge Kampf, the company's cool and supremely self-assured executive chairman. "The sky," he told journalists at the company's AD&D and Softon of Denmark ~ annual press conference in Paris recently, "Is the limit." More real-istically, perhaps, Mr Kampf says that given that the computing added to the group in 1988 alone. With revenues approaching \$1hn, it is now able to challenge the large US computing services companies like Electronic Data Systems (EDS), a subsidiary of services market place is doubling in volume every four years, CGS is "perfectly structured to grow General Motors, or management consultancies like Andersen Conat least four times as large as it CGS's figures bear out his optimism. This month it has reported revenues of FFr5.8bn (\$850m) for

Hard heads conquer

Alan Cane examines CAP Gemini Sogeti's rapid

the software jungle

growth in the computing services industry

There are substantial advantages in size and market leader-ship, says Mr Christer Ugander, chairman and chief executive officer of CAP Gemini Europe, which, like CAP Sesa and CAP Gemini America, is one of the three operational groups in the

He points out, for example: These days we have requests to make proposals for contracts before we have even decided whether to hid for them. Increasingly we are featuring on the list of contractors that major customers draw up before they go out to

The turning point for CGS seems to have been the acquisition of Sesa, a distinguished French software house with a broader corporate culture than the narrowly based CGS with its origins in "body shopping", hir-ing out computer specialists on a daily basis to work on customers' contracts.

corrector of the UK company SD-Scicon, CGS's closest European competitor, comments: "CGS is showing well-controlled, low-risk expansion in an expanding mar-lest." ow the aim is to become a full-scale "systems integrator", taking overall responsibility for drawing together the best hardware and software to solve the customer's So why does CGS perform so consistently well compared with other software groups? It had a good start in life through powerful government patronage, but over the years it has developed a formule years it has developed a

software to solve the customer's problem.

The big question is whether CGS's hard-driving, decentralised style of management will work as well in the quite different world of systems integration. Systems integration has become a key to the effective installation of complex and sophisticated computer systems.

Mr Michel Jalabert, vice-president for development and control, says: "Do not look for any other reason for the continued growth of the computer services sector than the need to make computer systems work," and emphasises the company's breadth of expertise in informa-

tion technology.

Mr Ugander worries that the company now has to work on developments which will ensure "that we live up to what is expec-

One sign of this is the decision to establish a management training school, the "CGS University" as Mr Ugander describes it. A chateau some 30 kilometres from the centre of Paris has been purchased and is in the process of conversion. It will be used to train staff in both computer technology - a duty neglected by many computing services compa-nies – and management skills. Mr Kampf argues that CGS's management philosophy is the

key to the group's success, although others suggest his extensive contacts and political skills are at least as important. CGS has not had automatic success in its chosen markets. In the past few years, the UK, Ger-many and Italy have been black spots on CGS's world map; areas where despite strong local mar-kets, CGS had failed to make the expected impression.

he acquisition of Sesa, and therefore its German and Italian subsidiaries, has helped to turn business around in those countries. In Italy, for example, the company has secured a lucrative contract for the modernisation of the state

railways' information systems.

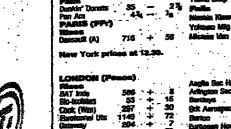
The UK, however, remains a source of grief. CGS (UK) is tiny and looks like remaining so. At one stage last year, the group's chief trouble-shooter, Mr Paul Boffman, was sent in to build Hofman, was sent in to build foundations for change. In the past few weeks it has appointed a new managing director, Mr John Marsh, formerly with ICL, Harris Corporation and Control Data, to turn the company round.

Mr Ugander admits that the CGS senior management cannot explain why the company has been so unsuccessful in the UK compared with the rest of Europe. But it helps to explain the company's chagrin when one of the UK's leading computing services companies, CAP Group, which used to be associated with CAP Sogeti in the 1970s, decided to merge with Sema Metra, one of CGS's major rivals in France

Cis's major rivals in France."

Ris response was to buy just over 22 per cent of the shares of CAP Group on the eve of the marger, the board of directors dismissing the controversy generated with impeccable logic. "This investment would not have been possible if CAP UK had not left such a large percentage of its passing it car us had not left such a large percentage of its capital stock at the disposal of whoever might like to acquire it," said CGS.

Despite the disappointment and the forore, the two compa-nies still work together — in a large European project to create a "software factory", for example.







- -

INTERNATIONAL COMPANIES AND FINANCE

Fiat races to peak profit, plans to buy back shares

By Alan Friedman in Milan

FIAT, the Italian motor group, yesterday unveiled record profits and announced plans to spend up to L1.000bn (\$689m) buying in its own shares.

The share buy-back plan comes 32 months after Fiat arranged for a consortium of banks to acquire two-thirds of a \$3.1bn block of Fiat equity that was sold by the Libyan Arab Foreign Investment Com-

This share sale, which left many underwriters with large blocks of unsold Fiat stock, has for the past two years kept Fiat shares at an unrealistically depressed level despite strong

Details of the buy-back plan will be revealed at Fiat's

annual meeting next month. If it spends the full L1,000bn this would represent just over 5 per cent of group share capital, including ordinary, savings and preferred stock.

Ms Dagmar Bottenbruch, a London-based analyst of First Boston of the US yesterday welcomed the buy-back plan. She declared: "It was urgently and desperately needed that Fiat did something because the share price has not reflected the company's excellent operating performance."

For 1988, consolidated net profit increased by 27.5 per cent to L3,026bn (\$2.08bn). Turnover showed an improvement of 15.3 per cent to L44,308bn. Net cash balance at the end of last year was L2,349bn. The number of employees totalled 277,353. The car division claimed to

have 14.9 per cent of the European market, meaning that Fiat was last year in a neck-and-neck race with Volkswagen for European leadership. Fiat Auto produced L2,136bn of operating profits last year, or 55.9 per cent of the group's L3,823bn of operating income, which was itself 23.2 per cent

up on 1987's group total. Fiat is proposing to pay a 1988 dividend of L320 per ordinary and non-voting preferred share, an increase of 18.5 per cent, and L350 per non-voting savings share, up 16.7 per cent

Suez earnings soar by 27%

By George Graham in Paris

COMPAGNIE Financière de Suez, the French banking and industrial conglomerate which last year took control of Société Générale de Belgique societe Generale de Belgique (SGB), yesterday reported a 27 per cent rise in net 1988 profits to FFr2.7bn (\$401m), and forecast 1989 earnings up by at least a third to more than FFr3.6bn

Mr Renaud de la Genière, Suez's chairman, said the esti-mate was very conservative and that prospects were

extremely favourable.

"After the ploughing, it is now time for the harvest," he

Suez's group operating profits rose 23 per cent to FFr1.59bn, while capital operations produced earnings 32 per cent higher at FFr1.11bn, thanks partly to lower provisions on the group's securities portfolios.

Earnings per share are

expected to grow more mod-estly to at least FFr37.3 from FFr35 last year, as the exercise of outstanding warrants is expected to increase the number of Suez shares in issue by 25 per cent to 96.6m. Mr Patrick Ponsolle, a Suez

managing director, said SGB would return to a profit of at

least BFr17bn to BFr18bn in 1989, after losing BFr2.4bn (\$57.8m) last year. He said seven troubled industrial subsidiaries, which had contribsidiaries, which had contrib-uted BFr1.7bn of operating losses and BFr9.7bn of excep-tional losses last year, would make a combined profit of BFr1bn in 1989, while excep-tional earnings would generate at least BFr2bn to 3bn this

year. He said the contribution to Suez's results, which had been a net deficit of FFr179m in 1988, would turn positive in 1989 to the tune of FFr1.14bn to

Commerzbank expands in insurance

By Andrew Fisher in Frankfurt

COMMERZBANK, the West German commercial bank, plans to extend its activities further into the financial services area by increasing its sales co-operation with DBV + Partner Versicherungen, a nationally represented insur-

ance company.

Commerzbank is to pay around DM150m (\$75.4m) for a 50 per cent stake in a holding company in which DBV's private-sector life, property, and health insurance activities will be grouped.

This deal, announced by Mr Walter Seipp, the chairman, at the bank's annual meeting yesterday, follows its recent purchase of a 40 per cent share-holding in Leonberger Sparkasse, a leading mortgage, savings and loan company.

Mr Seipp said that DBV's parent, which is a public sector insurance concern for civil servants and private customers, would also be privatised by being first converted into a share company, with Com-merzbank then placing the

shares in the stock market. Commerzbank's group par-tial operating profits rose by 3.4 per cent in the first four months compared with the same period of last year, with a near 11 per cent gain for the

parent company.
On the more usual comparison with one-third of the previous year, however, they were down by 3.7 per cent and 4.8 per cent respectively. For the whole of 1989 Mr Seipp expected another "satis-fying" result.

Japanese invest in **UK** biotech company

By John Ridding in London

BIO-ISOLATES, a small British company which manu-factures a high-protein food ingredient from cheese byproducts, has turned to two Japanese groups for capital to fund future development.

Meiji Milk Products, one of Japan's three largest dairy Japan's three largest dairy product companies, and Mitsubishi Corporation, the trading house, are to take a joint 22 per cent stake in Bio-Isolates for about £2.3m (\$3.7m). Mitsubishi will also provide a secured loan of £3.53m.

In return, Mitsubishi and Meiji Milk Products will be granted 10-year exclusive dis-

Meiji Milk Products will be granted 10-year exclusive distribution rights for Bio-Isolates' products in Japan, the company's leading market.

Mr Derek Gleeson, Bio-Isolates general manager, said yesterday that the Japanese were the first to recognise the potential of Bipro, a proteinrich white powder derived from whey. This was developed in the late 1970s by two chemical engineers and is free of fat and cholesterol.

Japan accounts for about 40 Japan accounts for about 40 per cent of Bio-Isolates' turn-

over, and sales in the country are expected to double this year. Bipro is mainly used in meat processing in Japan,

meat processing in Japan, unlike the US where it is used in frozen dairy desserts.

The deal is the latest move in Bio-Isolates' chequered history, during which the company has sought a series of new backers since its flotation on the unlisted seguritles may on the unlisted securities mar-ket in 1982. According to the company, they received several approaches concerning the latest search for funds. Since its flotation, Bio-Iso-lates has accumulated losses of

22.8m and the share price has been volatile, climbing from 50p to 425p in 1982-83, before a steady decline which took it to just 10p in 1986. Yesterday, the shares closed up 15p at 53p, compared to the 52p and 60p that the Japanese will pay in the two-stage deal.

There have also been many changes over the years in Bio-isolates' management. This pattern continued yesterday with the resignation of Mr Alan Staple as chief executive. Lex, page 20

Banesto steers towards recovery

Peter Bruce previews the latest study of the troubled Spanish bank

Banco Espanol de Credito (Banesto), the Spanish bank which has been weighed down by heavy provisions, is now rapidly recovering, says a report to be published soon. The report predicts "a very important improvement" in Banesto's results next year.

The report, written by Research Associates, a group of independent Madrid analysts, is the first comprehen-

lysts, is the first comprehen-sive study of Banesto's position since its controversial merger attempt with Banco Central

failed in February this year.
It comes as Mr Mario Conde,
Banesto's president, is finally
winning his battle to bring
new blood on to the board and to limit the power of older, nore traditionalist members.

The study is the first positive assessment of Banesto's core banking activities since it was forced to make special provisions worth Pta65bn (\$524.2m) in 1986 after the collapse of a Catalan affiliate, Banca Garriga Nogues. Since Banca Garriga Nogues. Since then, Banesto has been fiercely criticised for poor banking practices and for selling bank assets to industrial and financial affiliates to disguise losses. But, says Research Associates, which has had direct access both to Banesto's

accounts and the highly secretive Mr Conde, Banesto's banking cash-flow increased by 31 per cent last year to Pta99.6bn. If disposals are excluded, the increase was 33 per cent. Net interest income and commissions rose 5 per cent last year to Pta140bn.

Banesto has spent some Pta220hn in provisions in the last three years to meet Bank of Spain liquidity requirements and to cover bad debts and losses. It still has to make

about Pta2bn in provisions but the analysis feel the process is now all but complete.

Mr Conde wins praise from the report for deciding to build on Banesto's traditional strengths in banking — its network of more than 2,000 branches is the second blowest. branches is the second biggest in the country — by staying close to retail customers and for not trying to follow other competitors into highly special-

ist products and services including merchant banking.
Although credit risks may be higher in retail banking, the report argues these are mitigated by the sheer number of Banesto's customers.

As next of the eigenstituting

As part of the strengthening of the bank's traditional business, Mr Conde is presently trying to regroup Banesto's industrial holdings under a



Mario Conde: winning his

them from its balance sheet. The bank wants to replace these with higher yielding credits and, at the same time, give a much truer picture of its own value.

own value.

The report estimates that the capital gains generated by placing Banesto's huge industrial interests under a new holding company could be as much as Pta80bn, which the bank will make over to reserves.

The Government has the power to defer tax on 99 per cent of this but has so far

proved reluctant to do so. Research Associates says that hoardroom in fighting and the messy failure of the merger with Banco Central has badly damaged Banesto's image in the local and international financial communities, but Mr Conde finally appears to be making real progress in cleaning up the bank's leader-ship as well as its accounts. Next month shareholders will be asked to approve

changes to the bank's statutes, including limiting the age of directors to 70 and and of individual voting rights to 10 per cent of the bank's equity. Motions affecting banking business must also represent 10 per cent of equity when put, and the statutes will only be changeable with a two-thirds

changeanie with a two-thirds majority.

Mr Conde has, in the past few months, been feverishly directing shares into friendly hands—most recently the Asland cement group bought 2.5 per cent of the bank—and at least four new faces are likely to join the board in June. Some older members have either agreed to leave or have either agreed to leave or are under pressure to do so. It looks as though Mr Conde's newly-formed board will con-trol about 23 per cent of

talks on asset swaps

By Alan Friedman in Milan and George Graham in Paris

ORKEM, the French stateowned chemicals company, is holding talks about a possible asset swap in the polyethylene sector with Enimont, the Italian chemicals concern which resulted from the recent merger of state-owned Eni-chem and of most of private sector Montedison's activities. Mr Lorenzo Necci, chairman of Enimont, yesterday con-

firmed that "we are discussing various possible forms of col-laboration, including an exchange of assets."

Mr Necci said any eventual agreement would not necessar-ily be modelled on the 1986 joint venture between Enichem and Britain's ICI in the poly-vi-

nyi chloride (PVC) sector. Orkem, meanwhile, con-firmed that the talks with Enimont focused on the possible

development of its site at Dunkirk, in northern France, built in 1974 in association with the emirate of Qatar, as well as on the possible exchange of some

The Dunkirk plant, besides its main vapour cracker, includes low density radical and linear polyethylene lines. Orkem, formerly the chemicals subsidiary of France's state coal mines, has been concentrating on its main plant of Carling St Avold in Lorraine, for which a FF1.5bn (\$223m) investment plan has been

amounced. Dunkirk has posed more of a problem, and Orkem has held talks with a number of other chemicals groups. The Italian group has a capacity of around im tonnes a year of polyethylene, twice that of Orkem.

Orkem and Enimont hold Brierley seeks tenders for 29.2% stake in Molins

SIR Ron Brierley, the New Zealand businessman, is attempting to resolve his troubled five-year entanglement in Molins, the UK eigarette machinery maker, which escaped a bid by him in 1987.

escaped a bid by him in 1987.

IEP Securities, part of a group of companies headed by Sir Ron, yesterday announced that it was seeking tenders to purchase its 29.2 percent stake in Molins and that if this failed it would launch a takeover bid for the company.

Mr Brierley's vehicle also disclosed that it has increased its holding in Union Discount by 6 per cent to 23.6 per cent. The stake was acquired from the Kuwait Investment Office last Friday at 475p compared

last Friday at 475p compared with yesterday's closing price of 490p. ... Mr Graeme Gilchrist, Union

reflect current or future trading prospects.

Discount's managing director, said that the company was "trying to work out what the purchase means." He added that the company has a "strong interest" in remaining

independent.

The Molins stake is being put up for tender at a minimum of 190p a share, compared with yesterday's closing price of 200p - down 8p - which values the holding at £17.3m. If the tender offer, which closes on June 13, fails to attact a buyer IEP is "ready to make an offer for Molins at a

realistic price" which will be at least 190p a share.

Mr Michael Wright, Molins managing director, said that an offer of 190p would be strongly resisted because it would not

Republic of Finland

Exchange Offer of

US\$100,000,000 81/2% Notes due 1991 US\$100,000,000 85% Notes due 1991 US\$100,000,000 91/8% Notes due 1992 US\$200,000,000 71/2% Notes due 1993 US\$75,000,000 121/4% Notes due 1994 US\$100,000,000 75% Bonds due 1996 US\$70,000,000 83/8% Notes due 1996 US\$200,000,000 77/8% Notes due 1997 (the "Existing Notes")

for

up to US\$1,057,955,000 9% Notes due 1996 (the "New Notes") of the Republic of Finland of which US\$250,000,000 principal amount of New Notes are being issued as the initial tranche and the remainder is to be issued

This notice is published to give information with respect to the above-mentioned offer by the Republic of Finland to exchange Existing Notes for New Notes. The terms and conditions of the New Notes and the terms of the Exchange Offer are contained in an offering circular dated 30th May, 1989, and are available at the addresses specified below.

in connection with the exchange offer (the "Exchange Offer")

The exchange price at which Existing Notes may be exchanged for New Notes for each business day during the exchange period (initially the period from and including 30th May, 1989 to and including 19th June, 1989) will be available on Renters Screen Pages MGLX and MGLY.

> Arranger J. P. Morgan Securities Ltd. 30 Throgmorton Street London, EC2N 2NT Tel: (01) 606 7875 Aun: Ms. L. Creen

Morgan Cuaranty Trust Company of New York Euro-clear Operations Centre Rue de la Regence 4 B-1000, Brussels

Tel: (32-2) 519-1211

Aun: Ms. M. Detroz

Exchange Agent Morgan Guaranty Trust Company of New York 35 Avenue des Arts Brussels, B-1040 Tel: (32-2) 519-1362 Attn: Mr. F. J. Ambrozy

Centrale de Livraison de Valeurs Mobilieres S.A. (CEDEL) 67 Boulevard Crande-Duchesse Charlotte L-1331, Luxembourg Tel: (35-2) 44992-256 Attn: Mr. R. Raison

31st May, 1989

This notice does not constitute an offer of securities of the Republic of Finland. These securities are not registered under the Securities Act of 1933 and may not be offered, sold or delivered in, or to nationals or residents of the United States except as more fully described in the Offering Circular.

INCORPORATED AS AN ISTITUTO DI CREDITO DI DIRITTO PUBBLICO IN THE REPUBLIC OF ITALY HEAD OFFICE IN ROME VIA VITTORIO VENETO, 119
ORDINARY RESERVE ITL. 352.650.000.000 - CAPITAL ITL. 1.327.194.176.080 FULLY PAID

DIVIDEND PAYMENT FOR THE FINANCIAL YEAR 1988

In accordance with the resolutions made at Shareholders' Meeting of Banca Nazionale del Lavoro on 29.4.1989, the dividend relative to the financial year 1988 will be paid as from 17.5.1989.

The payment of a gross dividend of ITL. 1.000 on savings shares will be made against presentation of coupon no. 6 at all the branches of Banca Nazionale dei Lavoro, as well as with Monte Titoli for the centralized certificates. The payment on bearer savings shares will be made also at the following banks:

BANCO DI NAPOLI, BANCO DI SICILIA, BANCO DI SARDEGNA, ISTITUTO BANCARIO SAN PAOLO DI TORINO, MONTE DEI PASCHI DI SIENA, BANCA COMMERCIALE ITALIANA, CREDITO ITALIANO, BANCO DI ROMA, BANCA POPOLARE DI NOVARA, BANCA POPOLARE DI MILANO, BANCA POPOLARE DI BERGAMO, CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE, CASSA DI RISPARMIO DI TORINO, CASSA DI RISPARMIO DI ROMA, BANCA NAZIO-NALE DELL'AGRICOLTURA, NUOVO BANCO AMBROSIANO, BANCA CATTO-LICA DEL VENETO, BANCO DI SANTO SPIRITO.

The dividend on the ordinary shares can only be cashed at the branches of Banca Nazionale del Lavoro.

> THE CHAIRMAN Nerio Nesi

Wells Fargo & Company U.S. \$200,000,000

Subordinated Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st May, 1989 to 30th June, 1989 the Notes will carry an Interest Rate of 9%% per annum. Interest payable on the relevant interest payment date
30th June, 1989 will amount
to US\$82.29 per US\$10,000 Note
and US\$411.45 per US\$50,000

Agent Bank: Morgan Guaranty Trust Company of New York London

Wells Fargo & Company U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the in accordance with the provisions of the Notes, notice is hereby given that for the Interest period 31st May, 1989 to 30th June, 1989 the Notes will carry an Interest Rate of 9.85% per amum. rest payable on the relevant interest payment date
30th June, 1989 will amount
to US\$82.08 per US\$10,000
Note.

Agent Bank: Morgan Guaranty Trust Company of New York

DFC Overseas Investments Limited ported with limited liability in New Zealand)

Cayman Islands Branch U.S. \$100,000,000 **Guaranteed Undated Primary Capital** Floating Rate Notes

Development Finance Corporation of New Zealand

Goszapteed by



Notice is hereby given that the Rate of Interest has been fixed at 9.8375% and that the Interest Payment Date November 30, 1989 against Coupon No. 7 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$505.16 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$505.16 and in respect of U.S.\$250,000 nominal of the Notes will be 1.8 \$40.00 in \$40. of the Notes will be U.S.\$12,628.91.

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO



Floating Rate Participation Certificates Due 1992 issued by Morgan Guaranty GmbH for the purpose of making a loan to

Istituto per lo Sviluppo Economico dell'Italia Meridionale (a standary body of the Republic of Italy incorporated under Law No. 298 of April II, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination
Period 31st May, 1989 to 30th June, 1989 has
been fixed at 934%. Interest accrued for the above
period and payable on 31st July, 1989 will amount to
US\$81-25 per US\$10,000 Certificate.

Agent
Morgan Guaranty Trust Company of New York London Branch

its hid by the 4.00pm deadline yesterday afternoon, but would not disclose details. Wall Street was expecting a number of other hidders to join the auction initiated by the \$90 a share bid from Mr Marvin Davis, a Los Angeles investor. NWA's stock rose, a further

PAN AM Corp, parent of struggling Pan American World Airways, has lined up a company would receive take-over offers worth up to \$120 a share, or \$3.7bn in total.

It is believed some 15 prospective investors signed confidentiality agreements before looking over NWA's books but only a few of them will make a proposal.

proposal.

NWA's unions are opposed to a takeover by Mr Davis and others with no airline experience. They also oppose relying on heavy debt financing. None the less labour and management appear to favour Mr Al

Checchi, a former senior executive of Marriott, the hotel group, who has no track record as an independent deal maker.

Mr. Steven Rothmeler, NWA's chairman, said recently Mr. Checchi represented "friendly money."

Mr. Checchi was expected to make an offer by yesterday's deadline.

Another player rumoured to have been preparing a bid was Kohlberg Kravis Roberts, the

Buy-out at Pennwalt water unit

PENNWALT Corporation, a Philadelphia-based chemicals group, has sold its Wallace & Thernan water treatment divi-sion to its management teams in Britain, the US and Ger-many in a deal valued at \$75m. Wallace & Tiernan has annual sales of more than \$100m and employs more than 1,600 people worldwide. Overall the division has been profitable though it has suffered losses in

As an independent company, Wallace & Tiernan Group will retain its headquarters in Belleville, New Jersey. It has seven operating companies

As tenders lo

- 1

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which make precision pressure gauges and equipment for flow measurement and water and waste water treatment.

The buy-out comprises \$15m of equity provided by four venture capital groups and \$60m of loans and loan facilities from Standard Chartered Bank. A 10-strong team of senior managers, headed by Mr Chet Ross, formerly general manager and now president and chief executive officer, will hold between 20 and 25 per cent of the equity of contain preference to the equity if certain performance targets

The four venture capital

leading leveraged buy-out spe-cialist which recently took RJR Nabisco, the food and tobacco group, private in a \$25bn deal.

Britain, Allsop Venture Part-ners of Lenexa, Kansas, Har-vest Ventures of New York and Deutsche Beteiligungsgesells-chaft, a Deutsche Bank subsid-iert of Statistics Company

iary, of Stuttgart, Germany.

Management teams in Germany and the US had tried to organise independent buy-outs but when they realised what was happening they agreed to stage a joint deal with the UK management. Pennwalt had been fighting a hostile tender offer from Centaur Partners, a US investment group, but in March it agreed a \$1bn bid from Elf Aquitaine, the French state controlled oil group.

IBM extends mainframe capability despite drop

INTERNATIONAL Business Machines has announced three products designed to extend the supercomputing capabilities of its ES/3090 family of mainframe computers.

The products are the first of a continuing programme of new products that IBM will offer as supercomputing systems extensions (SCSE) to customers such as scientists and engineers who need high speed and processing power for numerically demanding jobs. "Many of our customers are doing leading-edge scientific

EL AL, Israel's state-owned airline which has been in receivership since 1982, achieved US\$18.8m in profits for 1988 despite a sharp fall in passenger numbers as tourists put off by the Palestinian uprising in the occupied West Bank and Gaza Strip turned away from Israel.

The 9 per cent drop in pasand engineering applications and we're going to provide them with leading-edge, stateaway from Israel.

The 9 per cent drop in passenger traffic to 1.5m originally led El Al to forecast losses of over \$10m after a \$18.2m profit in the last nine months of 1987, before accounting shifted to the cal-

endar year. But it said measures such as substituting smaller aircraft for larger ones helped keep the airline in the black. Sales were \$665.3m, up from \$520.6m in the last three quarters of 1967. Encouraged by the results, the third consecutive profit by RI AI, the Ministry of Transport has appointed a committee to plan the lifting of receivership and subsequent privatisation. The ministry's initial intention is to float up

to 49 per cent of the company

within two years on foreign markets and the Tel Aviv

Stock Exchange.

El Al earns

in tourists

By Hugh Carnegy

\$18.8m

of the art solutions under the new SCSE banner," said Mr Carl Conti, IBM senior vice president and general man-ager, Enterprise Systems. Some 300 IBM customers use

ES/3090 mainframes in a supercomputing mode instead of buying custom-built supercomputers from companies such as Cray Research, the industry Dr David Wehrly, IBM's

company's present and future supercomputing products "will be complementary and lead towards" the top-of-the-line machine being developed by Dr

Steven Chen, founder of Super-computer Systems Inc and a former Cray Research scientist. IBM is a minority investor in Dr Chen's company, which aims to market machines by the early 1990s.
The three products

announced yesterday markedly improve performance. The first, Clustered Fortran, is a package of hardware and soft-ware advances which will allow users to speed up jobs by dividing them between a maxi-mum of 12 processors running in parallel. supercomputing systems devel-opment executive, said that the

IBM has offered a more himited form of parallel process-ing, one key to high perfor-

mance, since October 1987. The new product will achieve a maximum 10-fold increase in performance over the most powerful ES/3090 uniprocessor system.

The second product, a High Speed Channel, can transfer bulk data at up to 800m hits a second. IBM said that such data transfer speed would data transfer speed would allow users to do complex com-

allow users to do complex com-puter-simulated experiments in high resolution 3-D.

The third product, Input/ Output Access Method, would allow users to read and write files in parallel across arrays of direct access data storage

Quantum in propane venture

QUANTUM CHEMICAL, the big US chemical group, has joined forces with First Boston in an equally-owned partner-ship (QFB) to buy Panhandle Eastern's propane gas unit, Petrolane Partners, for \$1.18bn.

Under the terms of the agree ment, QFB will acquire all of Panhandle's 44 per cent stake in Petrolane for \$450m in cash. The remaining 13.15m of pub-licly-held shares will be purchased for \$30 each. The part-nership will also refinance Petrolane's \$335m of existing

Quantum and First Boston will both contribute about \$100m to the venture. The remaining \$10n will come from a First Boston loan to the part-nership. First Boston will have the right to sell its interest in QFB after five years, with Quantum having the right of

first refusal. Mr Richard Tilghman, a vice president of Quantum, described the investment as a prudent financial move. The New York-based company already has a propane gas unit, Suburban Propane, which distributes about 800m gallons of the gas a year. Petrolane, with annual distribution of about 1bn gallons, is the biggest US propane distributor. Combined, the two companies account for about 15 per cent of national distribution. Petrolane will be

ban division. Quantum would not have been able to purchase Petro-lane on its own. The New York-based company has about \$2.5bn in debt after a \$1.2bn financial restructuring in December.

Bayerische Landesbank Bulletin

MONEY AND CAPITAL MARKETS REPORT: MAY 1989

managed by Quantum's Subur-

Bank of Nova Scotia advances

THE BANK of Nova Scotia Canada's fourth largest charcanana's fourth largest char-tered bank, reported a 20 per cent gain in earnings for the first half of fiscal 1989, due mainly to a 60 per cent cut in loan loss provisions, writes Robert Gibbens in Montreal. Profits for the six months to

April 30 were C\$306.2m (U\$\$254.3m) or C\$1.58 per (US\$254.3m) or C\$1.55 per share, up from C\$255m or C\$1.44 a year earlier. Second quarter profit was C\$155.1m against C\$129.6m.

The bank estimates loan losses of C\$159m for the whole

UCB signs deal to buy packaging business

By Tim Dickson in Brussels

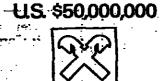
UCB, THE Belgian chemicals. pharmaceuticals and films business, has announced plans to buy the flexible packaging activities of Pabeltec, a com-pany hitherto controlled by Société Générale de Belgique and the West German concern Feldmuble.

The deal, which ends months of uncertainty over the future of Pabeltec and will involve the buyer in an initial outlay of BF4.7bn (\$114m), was hailed by analysts yesterday as a good move for UCB.

IICB has already agreed to take over the 64.5 per cent stake of the two majority shareholders in Pabeltec (and 10 per cent of the existing warrants) and is offering BF4000 per share for the shares and BF1,500 for the warrants which

it does not already own. Feldmuble, whose main activities are centred on the paper sector, will purchase from Pabeltec its shareholdings in subsidiaries involved in the manufacture and distribution of paper, while SGB will buy CIG-Intersys Graphic.

UCB then intends to transfer to Pabeliec its own activities in the manufacture and conversion of films in Belgium. This restructuring, UCB says, could adversely affect its results in the short term.



Genossenschaftliche Zentralbank Aktiengesellschaft Vienna

Floating Rate Subordinated Notes Due 1996

Interest Rate

913/16% per annum 31st May 1989

30th November 1989

Interest Period

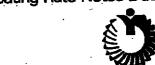
Interest Amount per U.S. \$5,000 Note due

30th November 1989 U.S. \$249.40

Credit Suisse First Boston Limited Agent Bank

U.S. \$250,000,000

Régie des installations olympiques Floating Rate Notes Due November 1994



Unconditionally guaranteed by Province de Québec

Interest Rate Interest Period

93/4% per annum 31st May 1989 31st August 1989

Interest Amount per U.S. \$50,000 Note due 31st August 1989

U.S. \$1,245.83 Credit Suisse First Boston Limited

U.S. \$300,000,000



Woodside Financial Services Ltd.

(Incorporated in the State of Victoria) Guaranteed Floating Rate Notes due February 1997 Unconditionally Guaranteed by The industrial Bank of Japan, Ltd.

in accordance with the Terms and Conditions of the Notes, notice in accordance with the Terms and Conditions of the Notes, hotice is hereby given, that for the Interest Period from May 31, 1989 to August 31, 1989 the Notes will carry an Interest Rate of 91% per annum. The amount payable on August 31, 1989 will be U.S. \$6,229.17 and U.S. \$249.17 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

May 31, 1989

CHABE

DM Bond Rates A Tightrope Act

Although the Bundesbank has demonstrated pendence by raising the key rates without prior warning, this has done little to change the environment for interest rates.

External developments continue to hold sway over the German bond market; merely the intended abolition of the withholding tax could temporarily lessen their influence. The internal factors determining interest rates have faded into the background.

Though providing the Bundesbank with important cues, they usually carry less weight in an assessment of the overall situation than the news coming from overseas. To mention just three of the favorable domestic factors which have so far failed to attract the attention they deserve:

1. The fall in the government's borrowing requirements to a multi-year low.

2. German companies' strong liquidity position, which will cause their borrowing needs to drop below the average for the next few years.

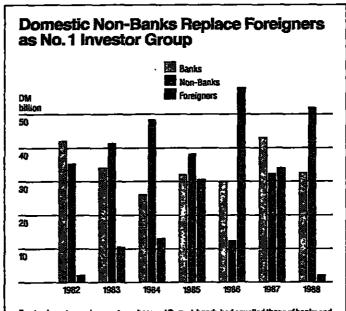
3. The Bundesbank's current policy of providing interest-rate signals via discount, Lombard and repurchase rates, without giving rates a major upward push.

But the bond market is mesmerized by the ups and downs of the US dollar and US interest rates in response to alternating "good"

and "bad" news. The US economy presents a highly mixed picture The Bundesbank, therefore, has only limited influence on longterm rates. The changes in the general climate, which often come

too abruptly and are accompanied by an inflow or outflow of foreign exchange, keep interfering with its endeavors to stabilize interest rates and the D-mark as far as possible. This means keeping the dollar from jumping above DM 1.90, so as to contain inflation, and, at the same time, keeping it above DM 1.80, so as to prevent an undesirable inflow of foreign exchange.

At any rate, central-bank policy on both sides of the Atlantic is remarkably independent of the vagaries of market sentiment. While the mood in the German and US bond markets tends to change with almost every twitch of US economic indicators, both the Bundesbank and the Fed have been pursuing consistent interest-rate policies for more than a year.



roneign investors, whose net purchases of U-mark bonds had equalled those of banks and non-banks together in 1985 and 1987 and who had been the No. 1 investor group in 1986, practically withdrew from the market last year. Domestic non-banks accounted for the lion's share of net sales, but their buying interest centered on foreign currency bonds and foreign Deutsche Mark bonds. Banks bought the bulk of bonds floated by domestic harmonics.

Fewer conflicting signals

The Bundesbank is compelled to perform a tightrope act in its monetary policy. On the one hand, it has to take account of external factors and, on the other hand, it feels the need, after the excessively fast growth of the money supply in the past few years, to put a harder squeeze on liquidity than would be necessary to restore the balance between monetary expansion and the potential increase in nominal GNP.

It may give the Bundesbank some comfort to know that the monetary environment is likely to improve steadily in the next few months. Slower money growth in the US can be expected to reduce the disparities in economic performance. The cooling in the economy will diminish the probability of a further rise in the dis-

count rate. This will also mean fewer conflicting signals from across the Atlantic, which have repeatedly caused confusion and uncertainty regarding interest rates.

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INTERNATIONAL COMPANIES AND FINANCE

Construction groups post record profits

By lan Rodger in Tokyo

MANY OF Japan's civil by an operating loss on over-engineering groups posted seas business. The company, engineering groups posted record profits for the year to March, thanks to strong domestic demand, especially from the private sectors. Two have raised their dividends.

Ohbayashi showed pre-tax profit up 32.8 per cent to Y32.9bn (\$232.5m) on sales of Y944.7bn, up 15.2 per cent.

Order intake rose 21.9 per cent to Y1,202.6bn, and it expects pre-tax profit in the current year to rise by about a further 34 per cent. Ohbayashi is raising its annual dividend by Y1 to Y7 per share in the

Pre-tax profits of Taisei jumped 42.3 per cent to a record Y42.4bn on sales of Y1,273.2bn, up 23.2 per cent. Sales in the civil engineering and building divisions increased by more than 20 per

Growth at home offset a drop of 0.9 per cent in its gross profit ratio, which was caused

Interest Rate

Interest Period

interest Amount per

31st August 1989

U.S. \$50,000 Note due

which is raising its dividend by Y1 to Y8 per share this year, anticipates an 18 per cent rise in pre-tax profit to Y50bn.

Shimizu also had a record year, with pre-tax profit soar-ing 47.9 per cent to Y39.8bn on revenues of Y1,254.6bn, up 13.9 per cent. Current year pre-tax profits are also expected to rise strongly - by 56 per cent, to

Pre-tax profits of Kajima totalied Y49.5bn on sales of Y1,241.4bn. The previous period was only four months as the company was changing its year end. It expects pre-tax profit in the current year to rise to Y59bn.

Kumagai Gumi also changed its year-end. The latest figures cover the six months to March. when pre-tax profit was Y13.6bn on sales of Y451.9bn. The company forecasts profit in the current year to reach Y32bn.

Surge in demand lifts JAL and ANA

By lan Rodger

JAPAN AIR Lines and All Nippon Airways, Japan's largest airlines, have reported large profit increases in the year to March as a result of booming demand on both domestic and international

JAL's pre-tax profits jumped 34.7 per cent to Y43.6bn (\$308.3m) on record sales of 13 per cent to Y18.6bn on sales of Y577.6bn, up 9.5 per cent. JAL's net income was Y17.3bn, up 3.5 per cent, while that of ANA was Y7.4bn, up 23.2 per

JAL has the edge in revenue and profit terms. However, ANA, which is mainly a lomestic carrier, carries many

more passengers. Last year, ANA carried 26.7m passengers on its domes-tic routes and 824,177 on its international routes, while JAL, traditionally an international line, carried 7.8m on overseas routes and 11.9m on domestic routes.

Competition has been increasing between the two in each other's territories since liberalisation of the Japanese airline market began three years ago, but such is the buoyancy of demand that both have done extremely well. JAL's load factor averaged 75.4 per cent while that of ANA was 73.7 per cent. Both companies expect their

profits to grow more slowly during the current year, as competition intensifies in both the domestic and international

Also, sales growth will be retarded by capacity restraints both within the airlines and at Japanese airports. JAL fore-casts pre-tax profits of Y44m. up only 1 per cent, while ANA is looking for a 2.7 per cent rise in net income to Y7.6bn.

First Boston, Inc.

U.S. \$50,000,000

Floating Rate Subordinated

Interest Rate

913/16% per annum

31st May 1989 30th November 1989

Interest Amount per U.S. \$50,000 Note due

U.S. \$2,494.01

Credit Suisse First Boston Limited Agent Bank

U.S. \$100,000,000

First Bank System, Inc.

U.S. \$125,000,000

BANK OF BOSTON

CORPORATION

Floating Rate

Subordinated Notes Due 1998

Issued 26th August 1986

Credit Suisse First Boston Limited

9.80% per annum

31st May 1989

U.S. \$1,252.22

31st August 1989

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate

97/8% per annum

Interest Period

31st May 1989 31st August 1989

Interest Amount per U.S. \$50,000 Note due

U.S. \$1,261.81 31st August 1989

Credit Saisse First Boston Limited Agent Bank

Bank of Tokyo (Curacao) Holding N.V. US \$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1997



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd. (Kabushiri Kaisha Tokyo Ginko)

In accordance with the provisions of the Agent Bank Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo Ltd., and Citibank, N.A., dated November 27, 1985 notice is hereby given that the Rate of Interest has been fixed at 9.95% p.a. and that the interest poyable on the relevant Interest Payment Date, August 31, 1989 against Caupon No. 15 will be USS254.28.

May 31, 1989, Londoi By: Citibank, N.A. (CSSI Dept), Agent Bank.

CITIBAN(

CITICORP 4

U.S. \$500,000,000 **Subordinated Floating Rate Notes** Due May 29, 1998

Notice is hereby given that the Rate of Interest has been fixed at 9.875% and that the interest poyable on the relevant Interest Payment Date August 31, 1989 against Coupon No. 13 in respect of US\$10,000 nominal of the Notes will be US\$252.36 and in respect of US\$250,000 nominal of the Nates will be US\$6,309.08.

May 31, 1989, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANG

U.S. \$500,000,000 CITICORP 6

Subordinated Floating Rate Notes Due January 30, 1998 Notice is hereby given that the Rate of Interest has been fixed at 9.825% and that the interest payable on the relevant Interest Payment Date June 30, 1989 against Coupon No. 41 in respect of US\$10,000 nominal of the Notes will be US\$81.88.

May 31, 1989, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank

The Chase Manhattan Corporation 🔘 U.S. \$175,000,000

Floating Rate Subordinated Notes due 1997 Notice is hereby given that the Rate of Interest has been fixed at 10% and that the interest payable on the relevant Interest Payment Date August 31, 1989 against Coupon No. 15 in respect of US\$10,000 nominal of the Notes will be US\$255.56.

May 31, 1989, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANG

Notes Due 1994

Interest Period

30th November 1989

U.S. \$50,000,000

OSTERREICHISCHE LÄNDERBANK

Floating Rate Subordinated Notes Due 1994

Interest Rate

915/16% per annum

U.S. \$252.58

Interest Period

31st May 1989

U.S. \$5,000 Note due 30th November 1989

> Credit Suisse First Boston Limited Agent Bank

KLEINWORT BENSON LONSDALE plc

US \$100 million **Primary Capital Undated Floating Rate Notes**

US \$125 million

Primary Capital Undated Floating Rate Notes (Series Two)

For the interest period 31st May 1989 to 30th November 1989, all the above Notes will carry a Rate of interest of 101/16 per cent. per annum with a Coupon Amount of US\$511.51.

> CHEMICAL BANK Agent Bank

Carl \$75,000,000 Province of New Brunswick

Notice is hereby given that in respect of the interest Period from May 31, 1989 to August 31, 1989, the Notes will carry an interest Rate of 12% to per annum. The seminate that of the period of the carry an imperson rate of 127% per annum. The amounts payable on August 31, 1989, against Coupon No. 21 will be Can. \$322.64 for Bearer Notes of Can. \$10,000 principal amount and Can. \$32.26 for Bearer Notes of Can. \$1,000 principal emount. Can. \$32.28 will be payable to each Can. \$1,000 principal emoun

By: The Chase Manhattan Bank, N.A. London, Acest Bank

U.S. \$500,000,000 Lloyds Bank Plc (Incorporated in England with Emited RebBity)

Primary Capital Undated cating Rate Notes (Series 2) For the three months, May 31, 1989 to August 31, 1989 the Notes will carry an interest rate of 9"\"," p.a. with a Coupon Amount of U.S. \$253.96 payable on August 31, 1989. By: The Chaso Mashattan Bank, N.A. London, Agent Bank

CITICORP® U.S.\$500,000,000

Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 9.85% and that the interest payable on the relevant Interest Payment Date June 30, 1989 against Coupon No. 44 in respect of US\$10,000 nominal of the Notes will be US\$82.08. May 31, 1989, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

CITY FEDERAL SAVINGS BANK Colleteralized Floating Rate Notes due 1993 Interest rate 9.80% p.a. Interest Period May 31, 1989 to August 31, 1989. Interest Payable per U.S.\$25,000 Note U.S.\$626,11

May 31, 1989 London By Cliffank, N.A.. (CSSI Dept.) Agent Bank

NOTICE OF RATE OF INTEREST BANQUE EXTERIBURE D'ALGERIE n accordance with the provisions of

que Exterieure d'Algerie and Citibani.
N.A., dered as of May 22, 1985 notice is hereby given that the Interest has been fixed at 9,5375% p.a. and that the Coupon Amount payable on November 30, 1989 against Coupon No. 8 will be US\$505.16 for each Note of US\$10,000 and US\$5,051.56 for each Note of US\$10,000. By CITIBANK, N.A. (C.S.S.I. Dept) May 31, 1988 London Agent Benk

US \$309,000,000 PLOATING RATE SENIOR NOTES DUE 1990

Japan's city banks suffer squeeze

By Stefan Wagstyl in Tokyo

THE 13 Japanese "city" or commercial banks suffered a 3.1 per cent decline in pre-tax profits and before gains from sales of securities last year, mainly because of a squeeze on operating margins. Margins fell because of

increases in various expenses including continued investment in computerisation and funding and labour costs. These effects were compounded by two other factors - sluggish conditions in the Japanese government bond market, which hit dealing profits, and a need to increase pro-visions for Third World debt. Against this, demand for

long-term loans rose, especially from medium-sized businesses which usually pay higher rates of interest than large groups. But the increase in volume was not enough to compensate all the banks for the decline in

The parent company results for the year to March highlight how the banks are being forced to become more competitive by financial deregulation, includ-ing the liberalisation of interest rates. Mr Stuart Matthews, banking analyst at BZW, the securities affiliate of Barclays Bank, said: "These figures were disappointing. The cur-rent year's earnings depend on the banks' ability to expand operating margins, which will be difficult."

There were sharp differences in performance between banks, which emphasises the fact that some banks are coping better with the challenge of deregulation than others.

For instance, Sumitomo Bank extended its lead as the most profitable bank by boosting profits before tax and securities transaction by 54.6 per cent to Y269bn - while the figure for second-placed Fuji

U.S. \$60,000,000

Caixa Geral

de Depósitos

Floating Rate

Deposit Notes 1994

In accordance with the provisions

of the Notes, notice is hereby

given that the rate of interest for the six months 31st May, 1989 to

30th November, 1989 has been

fixed at 915/16 per cent per annum and that the coupon amount

payable on 30th November, 1989 will be U.S. \$505.16 per Note of

per Note of U.S. \$100,000.

The Semitomo Bank, Limited

Agent Bank

FIRST BANK SYSTEM, INC.

US\$200,000,000

Subordinated Floating Rate Notes Duc 2010

Notice is hereby given that for the interest period from 31st May, 1989 to 31st August, 1989 the Notes will carry an interest rate of 9% per cent per annum and that the interest payable on the relevant Interest Payment Date, 31st August, 1989 will amount to August, 1989 will amount to 23523.36 per US\$10.000 Note and US\$6.309.03 per US\$250.000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

TSB Hill Samuel Bank Holding Company pic (formerly Hill Samuel

Group pic)

U\$\$75,000,000

Perpetual Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the Interest period from 31st May, 1968 to 30th November, 1988 the Notes will carry a rate of interest psychie on the relevant interest Psyment Date, 30th November, 1989 will amount to

5.15 per US\$10.000 Note. Agust Basic Morgan Gorranty Trust Company of New York

N.Z.L FINANCIAL

SERVICES (UK)

U.S.\$125,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 31st May, 1989 to 30th November, 1989 the Notes will carry a Rate of Inter-est of 9%% per aspum and that the interest payable on the relevant Inter-est Payment Date, 30th November, 1989 will amount to USS501.98 per USS10.000 Note.

Agent Bunk: Morgan Genranty Trest Company of New York London

CHEMICAL NEW YORK CORP

JAPANESE COMMERCIAL BANKS Parent company results (Ybn), year to March Pre-tax profit 179.8 (+34.9%) 198.3 (+78.3%) 3.341 (+36.5%) 154.1 +54.6%) 3,244 171.9 (+34.3% - 13.9%) (+27.8%) 172.5 (+1.3%) (-5.4%) 187.4 (+22.8%)158.1 170.4 155.5 (+31.5%) (-17.3%) 97.3 98.3 (+16.3%) (+30.3% (-38.2%)79.4 (+20.5%) (+6.7%) 1,866 1,205 (-7,5%) Taiyo Kobe Daiwa (-121%) (+17.2%) (+0.8%) (+4.8%) 68.3 36.1 (+7.0%) 29.0 (+20.7%) 59.2 (+16.0%) 51.3 (-- 12.0%) (+10.4%) (+5.9%) (+5.9%) Holdkaldo T. 651 (+29.4%) Bk of Tokyo 1,444 (+29.4%) 80.5 59.2 (+16.0%)

JAPANESE TRUST BANKS

Parent company results, year to March (Ybn)

171.6

135.0

Pre-tex profit

(+4.8%) (+2.1%) (+16.5%)

(+27%)

Bank was down by 13.9 per Accounting rule changes introduced this year mean that these figures disclose differences in performance more clearly than in previous years,

when banks were not obliged to distinguish securities dealings' profits so comprehen-

After securities profits are included, the variations in performance are less stark, indiciormance are less stark, indicating how securities transactions are used to smooth out results; whereas eight out of 13 banks showed declines in profits before securities sales, only Tokai Rank Ald Calon and Tokai Bank did after such

After securities sales, Sumitomo's profits remained the largest. The bank has recov-ered from the difficulties it suf-

137.6 126.0

77.1 78.3

Operating profit

(-12.8%) (-23.0%)

(-22.7%) (-11.8%)

(-23.9%)

ments in lending margins.

The gains were achieved by expanding business with medi-um-sized companies, as well as lowering funding costs by replacing interest-bearing bonds with those with lower (+38.3%) compon rates. (+20.1%)(+29.6%) (+11.3%)

fered when absorbing Heiwa Sogo Bank, a troubled mutual

hank it took over in 1986. In international operations

- one of the fast-growing busi-

ever, other banks are catching up fast. Bank of Tokyo's reve-nues from international

operations declined 4.7 per cent, while Sumitomo's increased 29.3 per cent to Y138bn. Third-placed Fuji's grew by just 1.3 per cent to Y92.5bn, but fourth-placed Mitsubishi Bank increased reve-

nues by 36.5 per cent to

Y91.8bn. The average increase

was 12 per cent.

• Japan's two top long-term

73.5 60.5

41.0

Net profit

(+16.7%) (+18.6%)

77.5 (+18.7%)

Industrial Bank of Japan posted a 25.2 per cent increase in net profits to Y93.5bn in the year to the end of March. Pretax profits were 13.5 per cent higher at Y195bn. Revenues were 16.2 per cent up at 72,154bn.

large increases in annual net profits, due mainly to improve-

Long-Term Credit Bank reported a 38.9 per cent rise in net profits to Y70.7bn. Revees rose by 5.1 per cent to Y1,520bn, and pre-tax profits were 8.2 per cent higher at nesses for Japanese banks — Bank of Tokyo, the specialist foreign exchange bank, was comfortably shead of the rest, with revenues of Y152bn. How-

Y114.3bn. • The country's six biggest trust banks have reported trust banks have reported sharp decreases in operating profits due to a rise in the cost of raising funds coupled to a decline in income from property broking.

The results highlighted the impact of financial deregulation, since the main reason behind the increase in fundraising costs was a large

draising costs was a large growth in deposits made at market-linked rates. The decline in Income from

property was largely caused by a slowdown in development work, reflecting a levelling-off and decline in property prices in Tokyo following a steep rise credit banks have announced the previous year.

The banks' difficulties were compounded by a decline in income from bond dealing,

where profits for the six banks fell by half to Y24.6bn. Trust fees, the mainstay of trust banking business, continued to increase, albeit by a modest 2.1 per cent, to a combined total of Y693.2bn.

(+8.9%) (+10.4%) 4.9 (+0.3%)

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF BONDS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE THEY SHOULD CONSULT THER STOCKBROKER, LAWYER, ACCOUNTANT OR

ERICSSON 3 Telefonaktiebolaget LM Ericsson

(Incorporated with Limited Liability in Sweden) Notice to the holders of the outstanding US\$60,000,000 6% per cent. Convertible Subordinated Bonds due 2002

> denominated in US Dollars ("the Bonds")

convertible into B ordinary Shares of the Company

("B Shares") CONVERSION RIGHT EXPIRES: 30th June, 1989 REDEMPTION DATE: 30th June, 1989

NOTICE OF REDEMPTION NOTICE IS HEREBY GIVEN to the holders of the outstanding Bonds that, in accordance with the Conditions endorsed on the Bonds ("the Conditions") and pursuant to the provisions of the Trust June, 198/, ("the In ท the Company of the one part and The Lav Debenture Trust Corporation p.l.c. ("the Trustee") of the other part constituting the Bonds, the Company will on 30th June, 1989 redeem all of the Bonds then outstanding at 105.6 per cent, of the principal amount, together with the interest accruing from and including 15th February, 1989 down to but excluding 30th June, 1989 amounting to US\$128.91 per Bond (that is to say an aggregate of

US\$5,408.91 for each US\$5,000 principal amount of Bonds).

This Notice is given in accordance with Conditions 4(a), 5(c) and 14 of the Bonds. RIGHTS OF CONVERSION

Holders of Bonds are reminded that they may exercise the right to convert the principal amount of their Bond(s) into B Shares not later than 30th June, 1989.

Bonds may be converted into B Shares at the Conversion Price of Skr326 per B Share which using the fixed exchange rate specified in the Conditions of Skr6.374 = US\$1 results in a conversion rate of 97.7607 B Shares for each US\$5,000 principal amount of Bonds. As provided in the Conditions, any holder of Bonds who wishes to exercise his right to

convert must obtain a Conversion Notice from the specified office of any Conversion Agent (set out on the reverse of the Bonds and at the foot of this Notice), complete and sign the same in accordance with the instructions thereon and deliver it with his Bond(s), together with all unmatured Coupons, at the specified office of any Conversion Agent at any time up to the close of business on 30th June, 1989. The Conversion Agent will require payment of an amount equal to the face value of any such Coupon not so delivered. A Bondholder delivering a Bond for conversion must pay all stamp, issue, registration or other similar taxes and duties (if any) arising on conversion in the country in which the Bond is deposited for conversion or payable in any jurisdiction consequent upon the issue or delivery of Shares to or to the order of a person other than the converting Bondholder.
On 25th May, 1989 the Average Market Price (as defined in the Conditions) of the B Shares

On 25th May, 1989 the Average Market Price (as defined in the Conditions) of the B Shares on the Stockholm Stock Exchange was Skr 509.50 per B Share (which converted into US Dollars at the rate of exchange preveiling on that day, being US\$6.72, is equivalent to US\$75.82.) At such price, the holder of a Bond of US\$5,000 principal amount would receive upon conversion B Shares and cash for the fractional entitlement, having an aggregate value of US\$7,412.06. Such value is, however, subject to variation with the market value of the B Shares and the US\$ exchange rate. SO LONG AS THE MARKET VALUE OF B SHARES IS Skr 371.80 OR MORE AND ASSUMING NO CHANGE IN THE US DOLLAR EXCHANGE RATE, HOLDERS OF BONDS WILL UPON CONVERSION RECEIVE B SHARES AND IF APPLICABLE CASH IN LIEU OF ANY FRACTIONAL ENTITLEMENT HAVING IN AGGREGATE A GREATER MARKET VALUE THAN THE CASH WHICH THEY WOULD RECEIVE ON REDEMPTION OF THEIR BONDS. FAILURE TO DELIVER BONDS FOR CONVERSION ON OR BEFORE 30th JUNE, 1989 WILL AUTOMATICALLY RESULT IN REDEMPTION AT A PRICE (INCLUDING ACCRUED INTEREST) OF US\$5,408.91 FOR EACH US\$5,000 PRINCIPAL AMOUNT OF BONDS.

IMPORTANT ...

If any holder of Bonds wishes to accept redemption at the redemption price (together with accrued interest) he should surrender his Bond(s) together with all unmatured Coupons at the specified office of any Paying Agent (set out on the reverse of the Bonds and at the foot of this Notice) on or after 30th June, 1989. Within periods of 5 and 10 years respectively, the Coupons and the Bonds

become void. The attention of holders of the Bonds is drawn to the Conditions and in particular to The attention of holders of the Bonds is drawn to the Conditions and in particular to Conditions 4 and 5 which contain further details regarding redemption and conversion. Copies of the Trust Deed are available for inspection at the registered office of the Trustee at Estates House, 66 Gresham Street, London, EC2V 7HX and at the offices of the Paying Agents and Conversion Agents specified below. The aggregate principal amount of the Bonds outstanding as at 25th May, the latest available data evicts the publication of this position use I (Se46.215 no.) 1989, the latest available date prior to the publication of this notice was US\$48,215,000.

PRINCIPAL PAYING AGENT AND CONVERSION AGENT Citibank, N.A., Citibank House, 336 Strand London WC2R 1HB.

> PRINCIPAL CONVERSION AGENT Svenska Handslebenken, Kungsträdgårdsgatan 2,

Citibenk, N.A. Avenue de Tervuren 249. B-1150 Brussels.

S-103 28 Stockholm. PAYING AGENTS AND CONVERSION AGENTS Citicorp Investment Bank (Switzerland), Bahnhofstrasse 63,

P.O. Box 244, CH-9021 Zurich. Citibank, N.A., 111 Wall Street, New York, N.Y. 10043 Strient Bank it an 16 Avenue Marie-Thérèse, P.O. Box 1373 Luxembourg (for payments of principal and premium only)

TELEFONAKTIEBOLAGET LIM ERICSSON

31st May, 1969. By: Chibank, N.A. London, Principal Paying Agent and Conversion Agent

CITIBAN

•

INTERNATIONAL CAPITAL MARKETS

strength boosts fixed-rate issues

INVESTORS began to chase dollar-denominated securities yesterday, with the result that three fixed-rate Eurobond issues met good receptions.

New issue traders said funds
that had been underweight in
dollars were aggressively buying paper following last week's
strong rally. However, a quiet
performance on the Tokyo

INTERNATIONAL BONDS

stock market meant that a crop of Japanese equity war-rant deals traded around their

JP Morgan was the lead manager of a novel deal for the Republic of Finland. The \$250m seven-year new issue was launched with a coupon of 9 per cent and priced at 100% to yield some 48 basis points over the equivalent US Trea-

sury.
The deal was accompanied by an exchange offer allowing

US DOLLARS

investors in previous Finland dollar deals to switch into the new bonds. A tap facility will allow yesterday's issue to be increased to a maximum of \$1.058bn, depending on how many investors take up the

facility is to create a single, liquid benchmark for the borrower. In the long term, this should allow Finland to achieve cheaper funding costs. In the short term, it should result in the repurchase of several illiquid secondary issues.

Syndiants officials wars

swapped when rates become more attractive.

NEW INTERNATIONAL BOND ISSUES

75₈ -

and this feature was the key to strong institutional demand, with money managers to the However, there was some comment that unusual buying

from a wide range of investors.
The option was variously valued between 25 and 30 basis points, taking the actual spread over Treasuries to around 65 basis points.

was primarily in Europe, with Far Eastern interest expected to soak up the rest of the deal overnight. A substantial por-tion of the proceeds was swapped into a basket of European currencies, with the rest

Goldman Sachs to a fine reception. The bonds came with a 10 per cent coupon and were priced at 101.725 to yield 93 basis points over Treasuries.

The pricing was designed to achieve the launch spread and this was vindicated by good

Mortgage Finance. The issue is backed by a pool of mortgages owned by Barclays Bank.

three-month Libor and were quickly sold, mainly to UK institutions. The lead manager was quoting the paper at 99.96 bid, inside fees of 121/2 basis

The equity warrant deals launched yesterday had good receptions, although they failed to reach the good premiums enjoyed by recent issues. Supply has been heavy and traders said there was some indigestion. Trading levels were mostly around par bid.

In Swityerland vesterday In Switzerland yesterday

tranche of the Dai-Ichi Kangyo convertible was brought by Dresdner Bank and was quoted at less 3 bid. Traders said German demand was slightly subdued by the Swiss tranche.

• Merloni Elettrodomestici, Italy's second-biggest home appliance manufacturer, is planning to launch a convert-

the issue would be led by Swiss Bank Corporation Interna-tional or Credit Suisse First

the Milan bourse, is 75 per cent owned by members of the fam-ily of Mr Vittorio Merloni, the chairman, who is also a past president of the Confindustria

Nabisco posts letters of credit

RJR NABISCO has posted letters of credit to back three bonds it launched in Switzerland, meaning the issues will not be called early, Reuter reports from Zurich.

JP. Morgan Securities (Switzerland) and Swiss Bank, the lead managers, had said they would call the bonds early if the letters of credit were not

would tall the holds early in the letters of credit were not secured by May 29.

The move was designed to address bondholders' concerns

that their securities were threatened by RJR's \$25bn leveraged buy-out by Kohiberg Kravis Roberts. The takeover was approved by shareholders last April.

J.P. Morgan was lead manager for a SFr275m, 5% per cent, 15-year bond due in 2000

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New Issue / May 1989



U.S. \$110,000,000

Interfinco S.A.

7% Guaranteed Bonds Due 1994

with Guaranteed Warrants to purchase Common Shares of

CIR S.P.A.-Compagnie Industriali Riunite incorporated with limited liability in the Republic of Italy)

Unconditionally and irrevocably guaranteed by

COFIDE - Compagnia Finanziaria De Benedetti S.p.A.

(incorporated with limited liability in the Republic of Italy)

Salomon Brothers International Limited

Amsterdam-Rotterdam Bank N.V.

Cazenove & Co.

Credit Suisse First Boston Limited

IMI Capital Markets (UK) Ltd

Morgan Stanley International

Shearson Lehman Hutton International

UBS Phillips & Drew Securities Limited

Banque Indosuez

Banque Paribas Capital Markets Limited

Compagnie Monégasque de Banque

Dresdner Bank Aktiengesellschaft Kleinwort Benson Limited

Nomura International

Swiss Bank Corporation S.G. Warburg Securities



BP CAPITAL B.V.

(Incorporated in The Netherlands with limited liability)

A\$ 40,000,000 17 % per cent. Guaranteed Notes due 1990

unconditionally and irrevocably guaranteed by

The British Petroleum Company p.l.c.

(Incorporated in England under the Companies (Consolidation)
Act 1908 registered number 102 498)

Issue Price 101¾ per cent.

Bayerische Vereinsbank Aktiengesellschaft

Amsterdam-Rotterdam Bank N.V.

Dresdner Bank Aktiengesellschaft

Banque Paribas Capital Markets Limited

Westpac Banking Corporation

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Bayerische Landesbank

Girozentrale

Crédit Communal de Belgique S.A.

Landesbank Rheinland-Pfalz - Girozentrale -

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Swiss Volksbank

Banco di Roma per la Svizzera

Bank Brussel Lambert N.V.

DG BANK

Deutsche Genossenschaftsbank

Landesbank Schleswig-Holstein Girozentrale

Pierson, Heldring & Pierson N.V.

Vereins- und Westbank

FT INTERNATIONAL BOND SERVICE | Change of | Change of | Change of | Issued | State | Offer they week | Yield | 150 | 99% | 99% | 40% | -0% | 9.31 | -0.50 | 100% | 100% | 0-0% | 9.32 | -0.50 | 100% | 100% | -0% | -0% | 8.86 | 100 | 100% | 100% | -0% | -0% | 8.86 | 100 | 100% | 100% | -0% | -0% | 8.86 | 100 | 100% | 40% | -0% | 8.86 | 100 | 100% | 40% | -0% | 8.86 | 100 | 100% | 40% | -0% | 8.86 | 100 | 100% | 40% | -0% | 8.33 | 200 | 96% | 96% | 40% | -0% | 8.33 | 200 | 96% | 96% | 40% | -0% | 9.39 | 100 | 94% | 95% | 40% | -0% | 9.48 | 150 | 99% | 100% | 40% | -0% | 9.48 | 150 | 99% | 100% | 40% | -0% | 9.48 | 150 | 99% | 100% | 40% | -0% | 9.48 | 150 | 99% | 100% | 40% | -0% | 9.48 | 100% | 93% | 94% | 40% | -0% | 9.48 | 100% | 93% | 94% | 40% | -0% | 9.41 | 100% | 93% | 94% | 40% | -0% | 9.22 | 100 | 93% | 94% | 40% | -0% | 9.31 | 150 | 101 | 101% | 0 | -0% | 9.31 | 100% | 100% | 100% | 100% | 100% | 9.32 | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% 700170

PLBATURG RATE
MOTES
Alliance & Lake Bid 94 £.
Bank of Greece 99 U.S.
Belgium 91 U.S.
Chelt. & Gloucester 94 £.
Credit. Foncier 96 U.S.
Drescher Finance 99 DM.
EEC 3 92 DM.
Haliffer BS 94 £.
Invt. in Industry 94 £.

eral illiquid secondary issues.

Syndicate officials were impressed by the idea, as were investors, particularly in Japan and the Middle East. The bonds were quoted by the lead manager at less 1% bid, well inside underwriting commissions of 1% per cent.

At that level, the spread over Treasuries had tightened to around 44 basis points. The around 44 basis points. The proceeds were not swapped yesterday, but will probably be

of existing Finland issues in recent months had added to the illiquidity of those deals.

An official confirmed that JP The purpose of the exchange

121₂/7bp 8ZW

1%/14 ABN

1994

of the repurchases had been to increase trading in the deals.

Morgan Stanley Interna-tional was the lead manager of a \$500m deal for Ente Perrovie

Morgan had operated a repur-chase programme on behalf of the borrower over the last few months and said that the effect

increase trading in the deals.

JP Morgan was acting as
Finland's agent for the buying
programme, but stopped making markets in the borrower's
issues when it was felt yesterday's issue was a possibility.
Traders said that more disclosure of the programme would
have been fairer.

Morgan Stauley Interna-

dello Stato, the Italian stateowned railway company. The 20-year bonds came with a 9% per cent coupon and were priced at 101% to yield some 36 basis points over Treasuries. The deal carried an investor put option at par after 10 years

Goldman Sachs Int.

DKB Int.

Nikko Secs. (Europe)

Yamaichi (Asia)

Yamaichi Int. (Europe)

Closing prices on May 30

94 97% 94% 94

fore. Traders reported interest

The paper was quoted by the lead manager at around less 1.57 bid, well inside underwriting fees of 2 per cent. Demand

to be swapped later.
A \$125m four-year issue for
Xerox Credit was launched by

demand. The lead manager was quoting the paper at less 1.225 bid, comfortably inside fees of 1% per cent. The spread against Treasuries had tightened to 88 basis points by the end of trading.

The sterling mortgage-backed sector was tapped for the first time by one of the UK clearing banks, with Barclays de Zoete Wedd bringing a £175m deal for Gracechurch

The par-priced bonds offered yield of 20 basis points over points. The equity warrant deals

econdary bond prices were unchanged, although dealers reported improved turnover. A multi-tranche convertible issue for Dai-Ichi Kangyo Bank totalling nearly \$1bn was domi-nated by a SFr1bn tranche brought by Credit Suisse (SFr900m) and DKB Switzer-land (SFr100m). This was the largest issue for a foreign bor-rower on the Swiss market, .There was some resistance

to the size of the issue from investors, while leading Swiss banks said they would wait for deciding whether they would participate in the public tranche which was trading around less 3 bid. The private placement brought by DKB itself was quoted at less 2%

In Germany, a DM200m tranche of the Dai-Ichi Kangyo

planning to launch a convertible Eurolira bond of up to L105bn (\$72.4m), writes Alan Friedman in Milan.
Merloni, which produces white goods under the Ariston and Indesit brand names, said

yesterday it would use the pro-ceeds of the bond issue to reduce its debt of L103bn and to make a final payment on its 1987 takeover of Indesit. The company, which had Li6.2bn of net profits last year on L1,059bn of turnover, said it had not yet decided whether

Boston.

Merloni, which is quoted on employers' association. The group claims to be fourth big-gest in Europe for white goods.

and a \$124m 6 per cent, dual-currency, 18-year bond due in 1994.

SBC led a \$120m, 5% per cent/10 per cent, dual-currency, 15-year bond due in 2001.

UK COMPANY NEWS

cial, a private merchant bank-ing and investment group,

Broad Street Group, the adver-tising, marketing and PR con-sultancy, and Summer Interna-tional, the training and

education company, must now let their break-up bid for Ket-

shareholders at yesterday's meeting in questioning the management ability of Mr Wal-

ter Dickson, Ketson's chair-

But other investors, includ-ing Ketson non-executive direc-

tor Mr John Beckwith, chair-

man of property developer London & Edinburgh Trust,

leapt to Mr Dickson's defence. Mr Michael Preston, Broad

Mr Michael Preston, Broad Street's group development director, said his company was still interested in buying Moorgate, which would have been sold to the PR group had the hid succeeded. But he said the Ketson board would have to initiate any further discussions.

Ketson shares fell 11/20 to 120

yesterday, 2p above the price of the board's share offer but a fraction of their peak of 151p

The consortium joined small

Bid for Ketson thwarted after refinancing support

KETSON shareholders have backed the marketing and public relations group's refinanc-ing proposals, thwarting the hostile consortium bid for the

company. Yesterday's EGM also voted to oust Mr Jeremy Bond, Ket-son's deputy chairman and its largest shareholder with a The issues were debated fiercely for about two hours.

despite Ketson's claims before the meeting that it had already received favourable proxy votès representing 51 per cent

The eventual poll showed 68.8 per cent of votes had been cast in favour of the resolution to get rid of Mr Bond, who sup-ported the consortium bid. Three other resolutions, including the proposal to raise £5m through a three-for-one share offer, were carried by a similar majority on a show of

Ketson aims to right a deficit of shareholders' funds, caused principally by trading losses at its financial marketing and PR subsidiary, Moorgaté, acquired last year. Mr Bond is Moorgate's founder, former chair-



Walter Dickson, Ketson's chairman: ability questioned

man and chief executive. Mr Edward Owen, who owns 2,500 Ketson shares, told fellow investors that the restructur-ing amounted to an admission that the group had "bought a

"That's a brave gesture, but how do we know that the same inability will not result in us buying another lemon?" he

City and Westminster Finan-

Second half boost helps William Cook to treble profits

WILLIAM COOK, one of Britain's largest steel foundry groups, yesterday announced groups, yesterday announced pre-tax profits of £5.05m for the year to the beginning of April, well ahead of market expecta-tions and almost three times greater than the comparable figure. Shares rose 30p to 297p. Mr Andrew Cook, chairman, said the result reflected a "superb second half perfor-

mance" and the benefits of its acquisitions. In particular, the foundry business of Robert Hyde which was purchased in January made a contribution of £400,000 to profits. Overall sales increased by 36 per cent to £58.9m and earn-

ings per share rose from 13.77p to 36.34p. There is a final dividend of 6.25p (3.75p) giving a total for the year of 9p (6p).

According to Mr Cook, three of the company's four main operating subsidiaries performed excellently achieving returns on sales of around 10 per cent at the operating level. William Cook Steel Castings in Sheffield and Catton in Leeds both earned over £2m in profits

and Holbrook precision con-tributed over £1m. The fourth main business, Hi-Tec integrity castings, only barely broke even. Mr Cook said that the company was the only large-scale producer of castings for the power industry

attractions.

He said that while he did not

expect Hi-Tec to make a signifi-cant improvement in the cur-rent year, a big contribution could be expected in the next

More serious problems were encountered at Atlas, the fabrication company which William Cook inherited through its acquisition of Weir in 1986.

The subsidiary made losses

of around £200,000 during the year and its disposal in January item of £93,000. Mr Cook expressed consider

able optimisim about the cur-rent year. He said that demand remained firm and that there would be significant cost savings resulting from the closure of Hyde's Stoke works. Cash flow has been boosted

by the sale of an unwanted Hyde factory building for £2.25m. In addition, the disposal of the magnet side of the Neepsend Foundry which was acquired in March brought around £300,000.

Mr Cook expressed strong criticism of the company's European competitors. He said that most were heavily subsidised by their respective governments and were guilty of dumping in the UK market.

BOARD MEETINGS

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Hostile stake building at DRG

By Clare Pearson

nen wana

DRG, the stationery, packaging and engineering company, is once more "in play" following further unwelcome share buying by Mr Roland Franklin, a US-based investor, who has pushed his holding to 10.83 per

Yesterday, Mr Moger Wool-ley, chief executive, said Mr Franklin was "certain to be up to no good" when last week he purchased the 6.73m extra shares, which came on top of a 4.96m holding bought last

Mr Woolley believed Mr Franklin, a veteran of the 1970's secondary banking crisis now based in New York, had bought the shares from the Knwait Investment Office, and that the KIO probably no lon-

ger had an interest in DRG. DRG, with interests spanning from Basildon Bond to Sellotape and long subject to bid speculation, has been seen by the City as making credit-able progress in developing its brand names and making its operations more efficient. It pushed pre-tax profits up 16 per cent to £58.2m in

It has been thought any hos tile bidder would probably aim to break up the company, which has substantial proper-

Sir James Goldsmith, who has this year formally launched himself back on the UK takeover trail, was last

tion with Mr Franklin, with whom he has had business connections. However, specula-tion died down after reported denials of any link between Sir James and Pembridge Invest-ments, Mr Franklin's share-buying Bermuda vehicle.

Mr Woolley said yesterday he thought DRG, with a mar-ket value of about £530m at yesterday's close of 503p, up 16p, was too small to catch the attention of Sir James, who now owns a stake in the invest ment vehicle Anglo Leasing, along with Mr Jacob Roths-

Aside from Pembridge Investments, DRG has a broad spread of shareholders, with about 80 per cent of them insti-

autumn rumoured to be plan-ning a bid for DRG in conjunc-BBA builds up Page Avjet

. - ; 7 ZE

subsidiary of BBA, diversified materials as well as aviation, is UK industrial company, has also expanding Page Aviet's subsidiary of BBA, diversined materials as well as subsidiary of BBA, diversined materials as well as subsidiary of BBA, diversined materials as well as a subsidiary of BBA, diversined materials as well as a subsidiary of BBA, diversined materials as well as a subsidiary of BBA, diversined materials as well as well as the "diversion of the "dynamic taken because of the "dynamic taken because of the "dynamic growth prospects" of its aircraft refurbishment side. Page taken because of the "dynamic growth prospects" of its aircraft refurbishment side. Page is to get a hanger and new Donald Trump, the No investor who bought it last week from Eastern Airlines. BBA, with interests in motor

Guthrie Corporation, its £221m acquisition of a year ago. Dr John White, BBA's group

Mr Moonie added that he

had been a non-executive direc-

tor of Anglia since June 1988

and would be remaining as a

As news of the reason for Mr

Moonie's departure emerged.

the shares recovered part of the lost ground to close at

245p. However, Anglia's shares

have fallen heavily (from around 400p) since rival shel-

tered home builder McCarthy

& Stone warned of lower prof-

its earlier this month.

consultant to the group.

components and industrial managing director, said the decision to keep Page had been office space on a five acre site at Sanford Regional Airport.

Shares slip in Anglia Secure Homes as director resigns

By Philip Coggan

SHARES IN Anglia Secure his time fully to Danbury. Homes, the sheltered housing group, plunged 41p to 235p in early trading yesterday after Mr Douglas Moonie, the former deputy chairman and one of the group's two founders, announced his resignation as a

Mr Moonie said that he was leaving the board because he would shortly be bringing Danbury, a property company of which he is chairman and chief executive, to the Unlisted Securities Market. The sponsors of the issue wanted him to devote

Glynwed purchase

Glynwed International, the Midlands-based industrial group, has acquired a group of businesses from Adatif International, a Canadian group, for C\$19m (£10.1m).

The acquired busin the Columbia, MBF, Columbex and HOP divisions of Adatif's subsidiary, Columbia International. Adtek Pipe & Tube and a 60 per cent stake in Sher-brooke Plastics. The businesses, which operate in Ontario and Quebec, are mainly involved in the manufacture of steel electrical con-duit and conduit-related acces-

Glynwed said the acquisition was part of the expansion of its steel tube interests.

Birse are building the new Docklands swinger

Birse has secured the prestige £10m contract to build the new swing bridge and approach roads over the Royal Docks entrance lock in London's Docklands.

The concept of the bridge, and the typical Docklands' care for the quality of the environment is a fair match for the dedication of Birse to improving the quality of construction.

Other Birse projects include motorways,

bridges, superstores, factories, docks, jetties, waterworks, railways, private housing and property

Birse success has been built on the recruitment, training and development of high quality management, and is demonstrated by the rise in group turnover from £1m in 1976 to approximately



Compagnie Générale d'Électricité

The net consolidated sales of Compagnie Générale d'Électricité (CGE) for the first quarter of 1989 amounted to FF 32.4 billion, up 14 % over sales for the same 1988 period. The increase was 7 % on a comparable basis.

This advance takes into account the structural changes which have occurred over the last twelve months, the most significant of which were: Alsthom's acquisition of the instrument transformer and protective relay operations of Schlumberger

CGE FIRST QUARTER 1989 SALES UP 14 %

relay operations or Schulmberger (Balteau group), and of Air Industrie Systemes, Kiepe and Acec Energie; Alsthom's safe of the controlling interest in SEMT Pleistick; Framatome's acquisition of the Burndy and Souriau companies; Chile del yor's purchase of a majo-- Cáble de Lyon's purchase of a majority interest in the Manuil group and acquisition of Ericsson's U.S. cable operations;

nty interest in the wantingroup and acquisition of encision's U.S. cable operations;

- Alcatel NV's purchase of Diel in Italy and consolidation of Indetel in Mexico;

- Sale by Alcatel NV of Gume and Alcatel Information Systems in the United States and of the Christian Roysing division of Alcatel Kirk in Denmark.

It should be needed that the formation of GEC ALSTHOM NV will become effective in n of 1988 and 1989 first quarter sales by sector is as follows:

in FF millions	1989	1988
Energy and transportation	8,490 <i>(</i> 1) 504 2,604 1,113	6,243 1,719 2,390 863
Batteries Talecommunications, business communications, cables Cother (4)	19,544 (3) 979	16,639 914 (412)
inter group sales	(818) 32,418	28,356

Orders booked during the period amounted to FF 34 billion, an increase of 21% over the first quarter of 1988.

(1) 1989 billings calculated on a percentage of completion (2) The sales of Framatome and its subsidiaries are included

Direct line for investors: (33-1) 42 561 561



Sedgwick says no Transamerica bid

SEDGWICK GROUP, the world's second largest insurance broker, yesterday said August." He added that in any that Transamerica, its 39 per cent shareholder, had con-firmed that it was neither plan-ning to bid for Sedgwick nor to sell out its shareholding when a standstill agreement expires on Angust 20

on August 30. Sedgwick sald that it had asked Transamerica directors to stay on its board instead of resigning under the terms of the original agreement as a

sign that Transamerica would not change its relationship with Sedgwick.

Mr David Rowland, chief executive, said that the aim of the move now was to reduce expectations of dramatic

case Transamerica could not deal in Sedgwick shares until after February 28 under the provisions of the old agree-

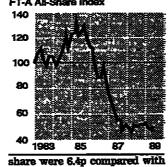
He said: "Transamerica want to stay with the present situation" and to give a sign now of their future intentions. This was important for Sedgwick because the existence of a 39 per cent shareholder, although with voting rights restricted to 29.9 per cent, inevitably made it easier for control of the company to change. Mr Rowland stressed, how-

samerica bidding for Sedgwick

is not a very likely one." Results for the three months of 1989 still show the impact of the recession in the industry with pre-tax profits down to \$240.9m compared with \$43.9m over the same period last year. Revenues, at constant exchange rates, fell by 2 per cent to £171.4m.

Difficult insurance market conditions were underlined by a small fall in turnover from £159.1m to £157.5m over the same period. Interest and investment income rose from £11.5m to £13.9m. Expenses increased by 0.7 per cent to £130.6m based on constant exchange rates. Earnings fell by 8.7 per cent to £27.3m and earnings per

Sedgwick Share price relative to the



BTS £1.3m open offer launched

BTS Group, the USM-quoted remoulded tyres and batteries company, launched a £1.3m open offer to help finance its previously announced £2.5m acquisition of Micro Marketing, a mail order supplier of computer equipment.

The one-for-four offer to shareholders is priced at 86p. The APA venture capital group, which owns 52.4 per cent of BTS shares, will take up at least half of its entitlement.

Aberdeen Petroleum cuts losses

NET LOSSES at Aberdeen Petroleum, the acquisitive USM-quoted oil and gas exploration and production company, fell from £1.8m to £382,000 in the year to end-De-

Turnover improved 14 per cent from £1.9m to £2.2m. Administration and other expenses increased to £825,000 (£750,000), while the cost of sales fell to £1.7m from £3.5m

After a nil tax charge (£520,000 credit) losses

per share fell to 0.8p (4.7p). The company said that turnthe company said that thri-over for 1988 was affected by the fall in oil prices. Adminis-tration expenses had been inflated by staff and office rationalisation costs of

£180,000. Current oil and gas prices, coupled with a more favourable exchange rate, were help-ing to maintain a considerably increased turnover, while administration expenses had been reduced by about 30 per

At the year end the group's cash balances and available line of credit totalled some £2.75m while proven reserves totalled 800,000 barrels of oil and 7.5bn cu ft of gas compared with 450,000 barrels and 1.5bn

Since the year end the group's gas reserves have increased by a further 40 per cent with the purchase of an interest in the Deep Madden Unit in Wyoming.

cu ft respectively at end

COMPANY NEWS IN BRIEF

BRITISH SHOE Corporation, a subsidiary of Sears, intends to seek stockholders approval for the redemption in cash at par, plus accrued interest, of all the outstanding £200,000 nominal 5 per cent debenture stock of the

BURNS-ANDERSON has acquired Office Services Bureau, secretarial employ-ment agency, for £475,000 cash. Pre-tax profit for year to June 30 1988 was £102,000. CHRISTIAN SALVESEN is to

sell the fixed assets of its Cali-fornian subsidiary, Christian Salvesen Packing and Market-ing, for \$2.5m (£1.58m), to Suma Fruit International

COOKSON GROUP is acquiring the business of South Coast Refractories of Bulli, near Wollongong, New South Wales, Australia. It is principally engaged in the making and selling of monolithic refractory linings and has been acquired to enable the Plibrico sector of Cookson ceramics and plastics division to expand into the Australasian market. The cash consideration is not significant when compared with Cookson's net assets, directors

DAVRNPORT Knitwear made pre-tax profit of £1m in 1988 (£1.17m) on turnover of £7m (6.74m). Earnings 38.06p (43.76p) and dividend again

8.03p.
ESTATES & AGENCY (property investor): Final dividend 3p making 5p for 1988 (3p). Net rental income £2.68m (£1.78m) and profit £722,000 (£663,000) before tax £244,000 (£190,000). BSTATES AND GENERAL Investments has increased its holding at Beckton Retail Park, Beckton, to 40,000 sq ft by purchasing the remaining unit not already in its ownership for acquire two freehold bingo already in its ownership for

FLOYD ENERGY is paying a maximum £4.35m, with £3.1m on completion, to buy Whiteley Read, which designs, engineers and fabricates pressure vessels. Also Floyd will advance £900,000 to fund dividend payment to vendors.

GREEN PROPERTY has arranged for Davy Corporate Finance to invite shareholders to subscribe for new ordinary shares at 161.6 per share and new loan stock at 161.35 per unit on the basis of one new ordinary and one new loan stock unit for every 5.61 shares held, and to loan stock holders on the basis of one new ordinary share and one new loan stock unit for every 8.41 units

has acquired Herzog Associates for \$2m. Herzog is a Californiabased engineering consulting and testing organisation spe-cialising in the geographical and environmental fields.

ICI has acquired Rayca Chemi-cal Corporation, Mount Holly, North Carolina, USA, Rayca. has a strong specialist position in dye fixation, levelling and

HUNTINGDON International

scouring agents.
KENTISH PROPERTY Group: Annual meeting told that Kent-ish had linked with Kleinwort nson Property Fund to form Kentish Business Centres, a company which would acquire and operate a network of fully serviced business centres and offer low-cost storage and warehousing facilities to con-staners and small businesses. The chairman also told the meeting that sales were continuing at strong level.

clubs in Cardiff for £750,000 cash. The group's bingo divi-sion will now have eight

MID KENT WATER: applications from consumers and employees received for 915,500 shares and offer closed; valid applications will be met in MOUNTLEIGH GROUP has

bought 3m of its own shares at 159p each through the market for cancellation. NABISCO: The Trade Secre-tary has decided not to refer the proposed acquisition by Rank Hovis McDougall of the cereals business of Nabisco

Group.
PLUMB HOLDINGS: Raine now speaks for some 98.4 per cent of the shares. The offer has been declared uncondi-tional and the balance is to be acquired compulsorily.
PORTER CHADBURN: Of the

tion to the Potteries as part of its drive to establish an estates agency presence in Britain's key housing areas.It has acquired the local firm of Mars-dens, with branches in Longton, Cheadle, Tunstall and Newcastle-under-Lyme. RYAN HOTELS has agreed to

acquire Classic Hotels Holland, owner of the Memphis Hotel in Amsterdam, for some I£1.4m (£1.18m). Consideration, plus a further I£0.7m to cover the acquisition and planned capital expenditure on the Memphis Hotel, is being satisfied via the issue of 3.82m Ryan shares.

SECURICOR GROUP: The simultaneous rights issues by Securicor Group and Security Services closed on May 22. The Security Services issue to raise 251.1m was taken up in respect of 11.26m new ordinary (97.6 per cent). Securicor's issue to raise £34.3m was taken up in respect of 345,696 ordinary (96.6 per cent) and 6.42m 'A' ordinary (97 per cent). SILVERMINES: The group's property and services divisaion

as acquired Marine House, Dublin for IRE5.5m cash The acquisition will double the company's property ren-tal income to IR\$700,000. SPONG HOLDINGS in respect of the open offer to shareholders, applications were received for 34.8m of the 13.78m new ordinary made available under terms of the open offer. Under the terms of the offer, 2.26m new ordinary, representing the basic entitlements of share-

holders for which applications recent rights issue 95.2 per cent was been taken up with the balance sold in the man available to satisfy applications from shareholders for new ordinary in excess of their values has extended its opera applications will be scaled down pro rata to the number of excess shares applied for, with shareholders being allotted approximately 96 new ordinary for every 1,000 applied

> TLS RANGE USM dealings in this vehicle rental company are expected to start on May

> WA HOLDINGS: Bid by Haden MacLellan has received accept tances in respect of 24,762,827 WA ordinary(64.9 per cent). The offer has been extended and will remain open until

fall 33p on profit warning

HIGHER INTEREST rates and HIGHER INTEREST rates and continuing trading difficulties in Italy and Spain prompted European Home Products, the UK-based retail and distribution group, to warn yesterday that profits would fall in the first half of 1989.

EHP is the European distrib-ntor of Singer sewing-machines and Scholl footcare products as well as a leading consumer durables retailer in southern Europe. The warning southern karroge. The warning sent its shares sharply lower; they lost 33p to close at 163p. Mr Doug Ash, chairman and chief executive, said EHP had decided to make its statement decided to make its statement after receiving April trading figures from Italy and Spain. These dashed hopes of a second-quarter recovery to offset the depressed conditions in the first three months which EHP had noted earlier.

As a result, trading profits for the first haif were likely to be 20 to 25 per cent below the £14.3m reported at the interim stage last year.

Moreover, higher interest rates meant it likely that the bill for the first half would rise to £4.8m from the comparable 1988 figure of £2.8m. To reduce the full-year effect, EHP was aiming to reduce bor-

EHP was aiming to reduce bor-rowings by reducing stocks and bringing forward planned

property disposals.

Barclays de Zoete Wedd.

EHP's broker, said it had reduced its pre-tax forecast for the full year, excluding profits from property disposals, from £23.5m to £15m. The compara-ble figure for 1988 was £20.4m. Morgan Stanley has cut its forecast on the same begin forecast on the same basis from £22.5m to £18m.

The worst problems for KHP appear to be in Italy, where it sells household electrical prodnets through 10 Excel stores. The situation was slightly more encouraging in Spain, where it owns the Ivarte chain and operates the electrical departments in Galerias Pre-ciados stures.

Portugal, meanwhile, was performing up to budget despite a Government creditrestriction package.
The Scholl business and

operations in northern Europe have not been affected by the slowdown, although the former will suffer this year from the withdrawal of an advertising subsidy from its former US parent which was worth 12 m. nre-tax to EHP in 1988.

Bid approach for Shares in Lyon & Lyon soured

37p to 330p yesterday after the Yorkshire motor dealer said it had received an approach about a possible bid. The announcement came only two weeks after Lyon said it had rejected a possible takeover approach. At yesterday's price, a

record class for the shares, Butter-based Lyon is valued at £10.6m. In 1988, it reported pre-tax profits of £927,000 on turnover of £20.5m.

EHP shares | Sea Containers prepares to battle for SNGF's ferries

By George Graham and Rachel Johnson

SEA CONTAINERS, which last week received an unsolicited Anglo-Swedish bid, is gearing up for a head-on battle with other ferry operators over the future of five ferries owned by société Nationale des Cherains de Fer (SNCF), France's national railway company.

The SNCF ferries operate under the Sealink name in partnership with British Ferries, a subsidiary of Bermuda-based Sas Contribuers.

based Sea Containers. Last Friday, Tiphook, the UK.

container rental company, and Stena, the Swedish shipping group, launched an \$824m (£529m) tash bid for Sea Containers. Stena would take on the ferry operation and Tiphook the Bermuda group's container business.

The future of the SNCF fer-The fature of the SNCF ferries is being studied by the French sea ministry. But already the hidders are lining up in anticipation that the rail company will sell its crass-Channel business. SNCF will be one of the major users of the Channel Tunnel when it opens in 1988, and has already settled on the principle that it cannot combine this position.

cannot combine this position with that of a ferry operator. French-owned Brittany Fer-ries, a competitor – though not on the Dover-Calais or Newhaven-Dieppe routes where Sealink plies - has accused SNCF of preparing the direct sale of its ferry opera-tion to British Ferries, its oper-

ating partner. SNCF and Sea-link have 50 per cent each of

Rolfe & Nolan higher profits with margins up

Increased revenue, lower costs, and a further rise in interes receipts stemming from the strong cash position led to improved second half profits for Rolle & Nolan Computer

Profit rose to £407,000 (£278,000) and lifted the total for the year ended February 28 1989 from £510,000 to £757,000. That represented a rise of 48 per cent on turnover 27 per cent ahead at £3.84m (£3.02m).
Mr Tim Heatley, chairman of this USM-quoted futures and options computer bureau; and software specialist, said new orders from top quality institutional clients fully replaced.

tional clients fully replaced customers lost following the introduction of the Financial

worked through at 13.7 (11.7p) and the dividend is raised from 4p to 5.6p, the final being 3.5p.
On the current year the chairman said the underlying bureau business was ahead of budget as a result of higher trading volumes in most of the

main features and options mar-

German licence sales were being installed later in the first half and in the beginning of the second. Further licence sales were anticipated in the UK and Continental Europe, and in the latter the company believed there were substantial opportunities for growth.

the Dover-Calais route, for zample. British Ferries says it has British Ferries says it has been interested by the SNCF operation since the Tunnel became a certainty in early 1986. Whether the sale will be thrown out to tender is "not clear."
It is expecting to buy 51 per cent of the ferries from SNCF on the eve of the Tunnel's opening to traffic in 1998 - but says SNCF will retain control.

says SNCF will retain control.
Mr. Christian Michielini, managing director of Brittany Ferries, is determined to stop SNCF from selling without at least giving him a chance to

bid.

It is not the fact that they should sell to a foreigner, but that they should sell without offering it to others," he said

yesterday.

Mr Michielini said his company was becoming more and more convinced that ferries would still be competitive on the Straits of Dover route once the Channel Tunnel opened

the Channel Tunnel opened and wanted to look at the price of the SNCF business. He is also separately evaluating the five SNCF vessels.

SNCF, meanwhile, described Mr Michielini's remarks as "idiocies", since the report commissioned by the sea ministry from Mr Paul Leonard, chairman of France's merchant marine council, had not yet been delivered. SNCF said it would make no comment on the future of its ferries until the future of its ferries until Mr Leonard's conclusions were

Mr Leonard was due to deliver his conclusions by May 12, but a spokesman for the sea minister said that the report had not yet been received.

In April Sealink ruled out a deal with Stena, which owns about 3.2 per cent of Sea Containers, to run a joint ferry operation on Channel routes. This would have considerably strengthened its position before the opening of the Tunnel by maximising its market

nel by maximising its market share. Sea Containers said yester-day that it would probably not make a statement on the unsolicited \$824m (2529m) bid for

licited \$824m (£529m) bid for the company until next week, writes Andrew Hill.

Mr James Sherwood, the group's chairman, has returned to the UK, but was unavailable for comment. He must respond to Friday's offer from Tiphook and Stena within 10 business days.

10 business days.
Court proceedings will begin in Bermuda tomorrow in an attempt to dismantle Sea Containers' "poison pill" provision—allowing shareholders to subscribe for new preference shares in the event of a bid—and prevent the group buying and prevent the group buying more of its own shares as an additional bid defence.

New York arbitrageurs, who started taking positions in Sea Containers stock when Stena revealed an 8.2 per cent stake in March, are apparently

GM Firth severely cuts stake in Porter Chadburn

By David Waller

GM FIRTH (Holdings), the diversified steel stock-holding, investment and furniture group, has reduced its stake in Porter Chadburn, a distribution and consumer products company, to virtually

At one point Firth owned 64 per cent of Porter, but the size of the holding fell gradually over the last two years until it stood at 8.9 per cent at the

beginning of this month. All but 200,000 of these shares have now been sold.
Since April 12, Firth has disposed of a total of 7.825m shares for a total of 27.34m,

compared to a net book value of £1.94m. The disposals all but clear Firth's overdrafts, which stood at £8.4m at the end of March. The latest batch of shares

has been sold to institutions

INTERNATIONAL CONFERENCES & EXHIBITIONS

Services Act and the October | The Financial Times proposes to publish this survey THE PARTY OF THE P

JEREMY BAULF

on 01-873 3000 or write to him at:

Number One Southwark Bridge London

SEI 9HL FINANCIAL TIMES



GREYCOAT PLC

£20,000,000 facility

for the redevelopment

Regent Arcade House 252-260 Regent Street, W1

Arranged and funded by



April, 1989



SHERATON SECURITIES INTERNATIONAL PLC

£22,750,000 Limited recourse loan facility

to finance the purchase and redevelopment

161/167 Oxford Street, W1

Underwritten and provided by Canadian Imperial Bank of Commerce The Industrial Bank of Japan, Limited



IRELAND

The Financial Times proposes to publish a Survey on the above on

JULY 11th 1989

For a full editorial synopsis and advertisement details, please contact:

GILLIAN KING

on 01-873 4823 or write to her at:

er One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

USD 5000000.000 For the six months, May 30, 1969 to November 29, 1969, the rate of interest has been

492,56 per USD 10,000 minel amount of notes and nominal amount of notes a USD 4.925,83 per USD 100.000 nominal amount of ber of days else

SOCIETE GENERALE

For the six months, May 31, 1989, to November 29, 1989, the rais of interest has been fixed at The interest due on Nove 1989 against coupon or 10 will be USO 506,16 and has been computed on the actual number of days elapsed (183) divided by 360. SOCIETE GENERALE N.SACIENNE DE BANQUE 15, America Emilio Region

STANDARD BANK RIPORT AND EXPORT FINANCE

COMPANY LIMITED USD 75.000.000 FLOATING RATE NOTES DUE 1991

مكذامن الأجل

MEASURE FOR MEASURE

BRENT WALKER'S RELENTLESS

IN PURSUIT:

OF LEISURE IN 1988 WAS

ACTION PACKED GROWTI

WAS IMPRESSIVE AND WE

SAILED THROUGH

TO GREATER PRO

FINANCIAL H		TTS 1088	
	1987£M	(unaudited) %CHANGE	
m	1988 £M		
Turnover	128.9	70.9	+82%
Profit before tax	41.7	20.8	+100%
Earnings per ordinary share diluted)	41.05p	27.50p	+49%
Dividend per ordinary share	11p	8p	+37.5%
Shareholders funds	603.6	227.4	+165%

et another record year was achieved by the Group in 1988 with turnover ⚠ increasing by 82 per cent to £128.9 million and profit before tax by 100 per cent to £41.7 million. Farnings per share on a fully diluted basis have increased by 49 per cent to 41.05 pence per share and shareholders' funds to £603.6 million and are represented by an asset base of excellent quality. Assets per share on a pro-forma and fully diluted basis are now seven pounds. The Directors are recommending a final dividend of 7 pence per share bringing the total for the year to 11 pence per share, an increase of 37.5 per cent on last year.

A major policy decision was made to pursue a strategy of diversification within the leisure and leisure-related sectors to improve the quality of the Group's earnings and broaden its trading and asset base. In pursuit of this policy, we acquired two long established brewery businesses, J. W. Cameron and Co. Limited and Tollemache & Cobbold Breweries Limited. Taking into account the 386 public houses we acquired earlier in the year, and various disposals, we now have a total of 1,087 public houses. We also acquired Whyte & Mackay Distillers Limited. Additionally as part of our diversification we acquired a chain of 119 licensed betting offices in London and the South East.

As a further development of this strategy we have recently made a number of disposals. Included in these was the sale of our five casinos in the north of England and of Crockfords in London, 100 tenanted public houses in London and 52 managed public houses in Yorkshire, Teeside, Suffolk and Cambridgeshire.

We have also made several smaller disposals which, combined with those already mentioned, have reduced our gearing substantially as well as showing a significant surplus over book values. This programme of rationalisation will continue through 1989 and we expect to make further strategic disposals which we anticipate will further reduce our gearing significantly.

During the year we acquired Elstree Film Studios. With our interests in the film industry combined with our property development expertise, we were able to submit plans, which contain greatly improved studio facilities, together with a certain amount of commercial development. The acquisition of Elstree Studios and our 10 per cent interest in TV-am has enabled us to build Goldcrest into a fully integrated Media Group.

In Le Touquet we entered into a joint venture with Declan Kelly Group plc to develop the residential land to provide approximately 1,100 homes.

It is our intention to maintain our strategy of constant improvement of the base of our core activities and their profitability. We shall, accordingly, continue to take advantage of every opportunity that presents itself to rationalise the structure of the Group, improve liquidity and in so doing, produce a stronger net asset base.

Full details of the Group's activities are recorded in our Annual Report & Accounts which will be available from:

The Company Secretary, The Brent Walker Group PLC, Knightsbridge House, 197 Knightsbridge, London SW7 1RB.

IE BRENT WALKER GROUP PLC

WORKING FOR PLEASURE

This advertisement is issued in accordance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ('The Stock Exchange'), Application has been made to the Council of The Stock Exchange for all the Ordinary shares of 5p each in T&S Stores PLC issued, and to be issued pursuant to the proposed rights issue, to be admitted to the Official List. It is expected, subject to the passing of Ordinary Resolution No. 1 at the Extraordinary General Meeting of the Company to be held on 5th June 1989, that admission to the Official List will become effective and that dealings, fully opid in the existing Ordinary shares 'ex-Rights' of 5p each currently in issue fully paid in the existing Ordinary shares, 'ex-Rights' of 5p each currently in issue will recommence, and nil paid in the new Ordinary shares of 5p each to be issued will commence, on 6th June 1989.



(Incorporated in England and Wales under the Companies Act 1948 to 1980, Registered No. 1228935)

T&S Stores PLC is principally involved in the sale of tobacco, confectionery. greetings cards, newspapers and allied goods.

> PROPOSED ACQUISITIONS OF ALFRED PREEDY AND SONS LTD

THE BUSINESS ASSETS AND LIABILITIES OF **DILLONS NEWSAGENTS LTD**

RIGHTS ISSUE

of up to 45,720,000 Ordinary shares of 5p each at 115p per share

SHARE CAPITAL

Following the proposed Acquisitions and Rights Issue

Authorised £4,250,000

Ordinary shares of 5p each

Issued and fully paid £3,186,000

Listing Particulars relating to the Company will be available in the statistical services of Extel Financial Limited from 31st May 1989. Copies of the Listing Particulars may be obtained during usual business hours excluding Saturdays and Bank Holidays up to and including 5th June 1989 by collection only from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 21st June 1989 from:

> T&S Stores PLC Apex House Brownhills Walsall. West Midlands **WS87HU**

Barclays de Zoete Wedd Limited Phoenix House 1-3 Newhall Street Birmingham B3 3NH

de Zoete & Bevan Limited **Ebbgate House** 2 Swan Lane London EC4R 3TS

Associated British Foods

⁶⁶Profit before tax has increased by 13 per cent. to £237.1 million whilst earnings have grown by 18 per cent. to 35.9p per share during the year. >>

We consider these results to position in the competitive be satisfactory allowing for the fact that the results cover a 52 of 53 weeks for the preceding

period. Once again, a heavy capital investment programme has been maintained at home and overseas and during the year a record £132 million has been spent on new assets to improve our

markets in which we operate.

Investment income grew week year, compared with that during the year by 12.2 per cent due to higher than average interest rates during the year. This income yield still reflects the high level of equity investments held by the group and which earn income at below money market rates.

> G. H. Weston Chairman

SUMMARY OF RESULTS	1989	1988
Turnover	£ millions 2,496	£ millions 2,272
Trading surplus	152	134
Investment income	92	82
Profit before tax	237	210
Profit attributable to the company	160	137
Ordinary Shareholders' funds	1,701	1,531
Earnings per share	35.9p	30.5p
Dividend per share	9.3p	8.3p

Associated British Foods plc Weston Centre, 68 Knightsbridge, London SWIX 7LR

UK COMPANY NEWS

Mike Luckwell Receivers lifts WPP stake to 5.04%

MR MIKE LUCKWELL, former he acquired a 5 per cent intermanaging director of Cariton est from Beaverbrook Invest Communications, yesterday revealed that he has raised his stake in WPP, the advertising agency and marketing services company which is currently making a recommended \$864m bid for the New York-based Ogilvy Group, to 5.04 per cent. Mr Luckwell first acquired shares - around 3 per cent of the equity - in WPP in Febru-ary 1988. This was after WPP's first major US acquisition, the JWT Group which it bought in summer 1987, and in the wake

lapse when the advertising company's shares were hit severely.
Since he left Carlton, Mr Lukewell has also emerged as a shareholder in TV-am, where at 673p yesterday.

of the October stockmarket col-

est from Beaverbrook Invest-ments. He is currently chair-man of Parallel Media Group, which specialises in sports sponsorship, linked to TV pro-duction and distribution duction and distribution.

Mr Lukewell said yesterday

that he could see "WPP's potential to broaden its base not only into television, but in the media field generally, building on the power base of JWT and the Ogilyy Group." However, he said that he did not intend to raise his stake

further at the present time.
The stake has been bought through Walbrook International Trust Company, of which Mr Lukewell is the bene-

ficiary.
WPP shares were 23p higher

SHARE STAKES

Changes in company share stakes announced recently Ambrose Investment Trust: eficially acquired 1.45m (6.76 per cent); Edinburgh Trust sold 100,000 income shares, reducing holding to 400,000

(5.56 per cent). Ashley Group: under the open offer J White, director, took up 99,879 ordinary; CS Tipper, director, took up 1,739 ordinary and 1,500 convertible prefer-

Bullers: Gamlestaden and associate increased stake to 1.17m shares (7.4 per cent). Burns-Anderson Group: Family Assurance Society has acquired 150,000 shares and is now interested in 2.53m (9.01

per cent).
GT Dollar Fund: GT management and discretionary clients hold 17.25 per cent. GT Venture Investment: Royal Insurance raised stake by 82,775 to 957,775 shares (7.09

per cent). Hidong Estate: Flairshare and connected parties are now interested in 168,326 shares (9.8 per cent) after buying 100,000. North of Scotland Investment:

Ensign Trust sold its entire holding of 5.45m shares (25.4 per cent). Aberdeen Trust benper cent); Edinburgh Trust bought 400,000 bringing inter-est to 5.29m (24.64 per cent); WH Smith pension funds acquired 600,000 lifting stake to

2.2m (10.25 per cent).
NSM: NBK (London) nominees
disposed of 500,000 shares and holding now 37.48m (21.73 per

cent).

REA Holdings: WH Salomon, director, sold 23,500 shares at 73.5p; beneficial holding now nil and non-beneficial interest 4m (10.26 per cent): JA Town-send, director, sold same number at same price; beneficial interest 0.08 per cent and non-beneficial 10.26 per cent. Takare: Singer and Friedlander

owns 2.6m ordinary (21.28 per cent) and a further 1.672 per cent through discretionary management. Tribune Investment Trust:

NatWest Investment Bank and associates and/or certain pen-sion funds and trusts interested in 3.97m shares (7.75 per

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Acatos & Hutchint	3.5	July 24	3.5		ğ.
Cook (William)fin	6.25	-	3.75	9	6
Crown Commnetnes.int		-	· nil		- 3
Dayenport Knitfin	8.03	Oct 2	8.03	8.03	8.03
Pennant Group 9fin	0.2	-	* 0.2	0.2	0.2
Rolle & Notan &filt	3.5	July 27.	2.5	5.6	4
Scot Mercantilefin	2.7	-	- 3.2	4.1	4.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue, †On capital increased by-rights and/or acquisition issues. §USM stock. §§Unquoted stock. •Third

HEREFORD & WORCESTER

The Financial Times proposes to publish this survey on:

14th July, 1989

For a full editorial synopsis and advertisement details, please contact:

> Anthony G. Hayes on 021-454 0922

> or write to him at:

George House George Road Edgbaston Birmingham B15 1PG

FINANCIAL TIMES

This advertisement is published in according the Council of The Stock Exchange in Barclays Bank PLC (the "Bank").

BARCLAYS

BARCLAYS BANK PLC l with limited liability in England: Registration No. 1826167)

Issue of up to 12,650,000 Non-cumulative Dollar-denominated Preference Shares, Series A, of U.S. \$0.01 each Application has been made to the Council of The Stock Exchange for the above Preference Shares of the Bank to be admitted to the

Listing Particulars relating to the Bank and the above Preference Shares are available in the statistical services of Extel Financial Limited and are available in the statistical services or make a manufacture copies may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 2nd June, 1989, for collection only, from the Company Amounteements Office. 1989, for collection only, from the Company Amountement Office of The Stock Exchange, 46-50 Finshury Square, London ECZA 1DD, and up to and including 14th June, 1939 from Barciaya Bank PLC, 54 Lombard Street, London EC3P 3AH.

LEAD UNDERWRITERS

31st May, 1989

Czzesove & Co.

Official List.

called in at Mirra **Holdings**

By Jean Marshall

MIRRA HOLDINGS, company providing income-producing services to local health authorities, has gone into receivership. Mr Nick Lyle and Mr Roger Powdrill of Spicer and Oppenheim, City accountants, are the joint administrative receivers.

Last Wednesday Trevian Holdings, the property devel-oper which has a 45 per cent interest in Mirra, announced it was making a £1m provision against the cost of its involve-

Mirra's problems appear to stem from delays in obtaining firm decisions from hospital firm decisions from hospital managers and local health authorities. Its basic product was an advertising-led pre-recorded video programme for viewing in hospital waiting rooms. It was also interested in opportunities to develop car. parks, leisure centres and shopping areas within hospital grounds. This latter aspect, of developing the large land developing the large land banks possessed by many hos-pitals, seems to have attracted

Mirra was founded in 1982 by Mr Robert Ainsworth. Trevian acquired its stake in late 1987 from Brent Walker, which retained a 10 per cent

Scottish & Merc

Scottish and Mercantile Investment is paying final dividend of 2.7p to make 4.1p for year ended March 31 1989 (4.6b). Earnings 4.11p (4.65p). Fixed assets investment income £1.43m (£2.04m). Net asset value at March 31 was 124.65p (112.82p).

Epwin acquisition

Epwin Group is to acquire a UPVC window manufacturing facility at East Moors, Cardiff, from West 'N' Welsh (Holdings) for £520,000.

The consideration is to be

satisfied by the issue of 379,563 new Epwin ordinary. These are being placed-by Cazenove at 137p per

Goodhead pays up to £7.3m for Canadian papers

GOODHEAD GROUP, the America.

The box
contract printing and free

The main titles, Oxford Shopping News, Lake Shore Shopper, and Sarnia-Lambton Shopper, will be purchased through an initial payment of Cor. 75 in A further Cor. 25 in Cor. 25 i cs7.75m. A further C\$2.75m will be payed on the acquisition's first anniversary, followed by up to C\$3.3m depending on future profitability.

Goodhead said it had been considering for some time investing in a North American rubilishing business it said the

publishing business. It said the publishing business. It said the Ontario-based weekly publications, which are devoted entirely to advertising, and are therefore cheaper to produce, represented an attractive opportunity, as well as a sound base for expansion in North

contract printing and free newspaper group, announced yesterday that it had agreed to pay up to C\$13.8m (£7.32m) in cash for several Canadian publications.

The main titles Cream America.

The board added that it considered North America free newspaper titles easier acquisition targets, due to the fact that the the titles are not concentrated in the hands of the contract of the c

pre-tax profits exceeding C\$1.6m Goodhead reported interim pre-tax profits up 88-per cent to a record \$2.7m (\$1.4m) for the six months to

November 30 1988.

Goodhead also announced that Mr E.J. Winnington-Ingram had been appointed to its board as a non-executive direc-tor. Mr Winnington-Ingram was previously Managing Director of Mail Newspapers and has just retired as a direc-tor of Associated Newspapers

First Tech expands in US

By David Waller

First Technology, the automotive, fire, security and safety systems group, is consolidating its position in the market for manufacturing car crash dummies with the \$1.9m (£1.2m) acquisition of the Con-necticut-based Alderson Labo-

ratories.

Alderson designs and manufactures dummies used for testing vehicles in crashes. The latest deal follows on from the purchase of Humanetics last year, another company in the same area, and means that First Technology now makes a whole family of such dum-

These range from a three year old child to a fully-grown American adult male. Up to four of them, laden with sophisticated sensors, are put in prototype cars and then fired at walls at a variety of

profit of \$126,000 in the fifteen months to the end of March and its net assets at that date were \$584,000. The consideration will be satisfied by \$1.19m in cash on completion and a further \$700,000 due on

Ransomes to restructure

By Ray Bashford ...

RANSOMES Sims & Jefferies. the grass cutting machinery manufacturer, is restructuring following its progressive with-drawal from the farm machin-

ery business. As part of the plan, the com-

pany is proposing to change its name to Ransomes.

The company intends to cre-

ate four divisions: UK and European manufacturing and distribution of professional grass machinery, US manufac-turing and distribution of prossional grass machinery; UK and European manufacturing and distribution of consumer products; and property development activities.



Jarden Morgan Europe SOCIETE ANONYME 68-70 boulevard de La Pétrusse, 2320 Luxembourg

The Directors of Jarden Morgan Europe have announced a Net Group Operating Profit after tax of US\$11.67 million for the year ended 31st March 1989.

A final dividend of 11 cents per share has been recommended by the Directors and, if approved by shareholders at the Annual General Meeting to be held in Luxembourg at 11 am on Monday, 24th July 1989, will be paid to shareholders on 31st July 1989.

The principal activities of the group are corporate advisory services, investment banking, stockbroking, fund-management, and international trust and corporate management.

Financial Highlights (USS) (USS) Dividends Declared Per Share 0.16 Net Earnings Per Share 0,47 Net Asset Backing Per Share 2.51 2.27 Net Earnings (millions) 11.7 7.7 Shareholders' Funds (millions) 62.7 56.6 Total Assets (millions) 122.8 115.2

For further information and copies of the Report and Accounts, please contact: Bob Cowper, Jarden Morgan Europe 7 Avenue D'Ostende MC 98000 Monaco Tel: (93) 50 19 60 Fax: (93) 50 19 65

LISTED IN LUXEMBOURG AND NEW ZEALAND

Notice of Redemption and Termination of Conversion Rights

KOMATSU LTD.

74% Convertible Debentures due June 30, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1975, as supplemented by a First Supplemental Indenture dated of September 1, 1982 (effective as of October 1, 1982) between Komatsu Ltd. (the "Company") and First National City Bank (now Citibank, N.A. as "Trustee") under which the above designated Debentures were issued, all of the outstanding Debentures have been called for redemption on June 30, 1989, at a price equal to 100% of the principal amount thereof.

The Debentures will become due and psyable and, UPON PRESENTATION AND SUR-RENDER THEREOF (those Coupon Debentures to have all coupons appercaining thereto maturing after June 30, 1989) will be paid on said redemption date at Citibank, N.A., 111 Wall Street, Corporate Trust Services, 5th Floor, New York, NY 10043, principal offices of Citbank, N.A. in Amsterdam, Brussels, Frankfurt/Main, London, Milan, Paris and Citibank (Luxembourg) S.A., and the principal offices of J. Henry Schroder Wagg & Co. Ltd. (London), Banque Europeenne de Tokyo, S.A. (Paris), Kredietbank S.A. Luxembourg (Luxembourg), The Limited (London), as the Company's Paying Agents. From and after said redemption date, interest on said Debentures will cease to accrue.

Interest payable June 30, 1989 to holders of fully Registered Debentures shall be paid to the persons in whose names the Debentures are registered at the close of business on the Regular

persons in whose names the Debentures are registered at the close of business on the Regular Record Date which shall be june 15, 1989 and said interest shall be mailed to the registered

Record Date which shall be June 15, 1989 and said interest shall be mailed to the registered holders. If the holder does not elect to convert, compons marring June 30, 1989 should be detached and presented for payment in the usual manner.

The Debentures called for redemption may be converted at the option of the holders thereof into Common Stock of the Company, American Depositary Receipts ("ADRs") or European Depositary Receipts ("EDRs") representing Common Stock of the Company at any time prior to, but not after, the close of business on June 27, 1989 at a conversion price of 332_10 Japanese Yen per share of Common Stock. A cash adjustment equivalent to accrued interest for the period between January 1, 1989 through March 31, 1989 shall be paid by the Company for those Debentures converted during April 1, 1989 to June 27, 1989. At the Close of Business on JUNE 27, 1989 SUCH CONVERSION RIGHT'S WILL TERMINATE AS TO ALL

KOMATSU LTD. By: CITIBANK, N.A.,

Dated: May 17, 1989

UK COMPANY NEWS

Templeton to launch **Emerging Markets Inv Tst**

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in restructure

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A NEW investment trust, specialising in "emerging stockmarkets" is being launched by Templeton, Galbraith & Hansberger, the Nassau-based, fund management to the management to group. The managers plan to raise £30m, ahead of expenses, via an offer for subscription. The aim is to provide capital growth by concentrating on a

grown by concentrating on a range of emerging markets. Initially, the fund managers—headed by Mr Mark Mobius, based in Hong Kong—say that: they feel the countries offering greatest potential for investment are Argentina, Brazil Greece Independent Melecularity of the control o zil, Greece, indonesia, Malay-sia, Mexico, the Phillipines, Portugal, Singapore and Thai-

The size of fund suggests that the number of stocks would be restricted to the 60.80 range. However, the prospectus for the Templeton Emerging

ever, securities not listed on any recognised stock exchange cannot amount to more than 25 per cent of the portfolio.

TGH already manages Templeton Emerging Markets
Fund, a US closed-end fund

isted on the American Stock Exchange, with net assets of around \$118m, and has total mutual funds under management of over \$8bn. The annual management charge on the management charge on the new fund will be 1.25 per cent. TGH says it has adopted an investment trust structure for the current fund because the closed-end structure - where

short-term pressure to raise

illiquid stockmarkets However, the capital struc-ture of the trust is slightly

unusual in that it comprises 15m ordinary shares and £15mworth of 1 per cent unsecured loan stock 2001. Investors can subscribe for units comprising one ordinary share and £100p nominal of the loan stock at

200p per unit.
There will be a five-yearly vote on whether the trust should be continued in its original form, and the convertible stock may be bought in if it trades at a discount to underly-ing net asset value.

Moreover, for the first three years, the trust will actually tender for 20 per cent of the convertible stock at a price determined by the directors. The issue is being sponsored and underwritten by Kitcat & Aitken. It will raise £28.9m net

liquidity does not occur more suited to investment in CRH in \$40m joint venture

By Andrew Taylor, Construction Correspondent

the international of Phoenix, Tucson and Flagbuilding materials group and one of Ireland's biggest companies, has entered into a \$40m. joint venture to acquire two concrete block companies in Arizona in the south west of

The companies are Arizona Block based in Phoenix, and Superlite Builders Supply

CRH paid \$10m for its 50 per cent of the joint venture, renamed Superlite Block. The other shareholders were Mr Mo and Mr Jim Blasdell, and Mr Max Graves who contributed Arizona Block.

The balance of the funding, \$20m, was provided by non-re-

course bank finance. Superlite was acquired from Kaiser Cement Corporation for

Last year about 30 per ce of CRH's pre-tax profits of 1263,35m (£52,93m) were generated in the US, compared with 22 per cent in Ireland, 24 per cent in the UK and 24 per cent

Vimto writes off Alimenta loans

will be fully written off.

ALIMENTA, a supplier of catering packages in which JN Nichols (Vimto), the soft drinks group, has a minority equity stake, is to cease trad-

Nichols had made loans to Alimenta, amounting to £1.42m. It is expected that

Alimenta was set up in the mid 1980s and provides freezfoods, to the pub and catering trade. A slower-than-expected rate of installation, and uncertainty over the length of time required to achieve an ade-quate return led the board of

Alimenta to cease trading. Current trading in Nichols is above the board's expectations and the sustained spell of warm weather is providing particularly encouragingtrad ing conditions. Nichols made pre-tax profits of £5.55m (£5.96m) for the year to Decem-

Blenheim buys

more Swiss

exhibitions

(£7.35m) in cash.

financial information available

tions are conditional on share-

holders' approval.

Bromsgrove

£6m purchase

31, operating losses at Birmingham Battery and extraordinary

costs associated with the clo-

husiness are estimated to have

amounted to £2.8m in aggre

gow, has been valued at £2.8m.

Alpha Zinc, a private Walsall-based maker of high specifica-tion zinc alloys, for £2.19m ~ £1.34m cash and 594,406 shares. In six months ended March 31

1989 Alpha's profit was £250,000 on turnover of £2.6m. Net

By Vanessa Houlder

Optometrics profits rise 77% to \$325,000

By Vanessa Houlder

OPTOMETRICS, the US optical systems specialist traded on the USM, yesterday reported pre-tax profits of \$325,000 (£204,403) for the year to March 31, which represented a 77 per cent increase on the \$184,000 of the the previous year.

Sales increased by 13 per cent to \$3.27m (\$2.9m). Its operating debt fell by \$170,000 to. \$400,000 at the end of the finan-

Mr Frank Denton, chairman, said the company was posi-tioned to embark on an aggressive growth programme. It planned to launch a catalogue this year, which would help it market spectroscopic systems

This improved result follows

a chequered start to its caree on the USM. After reporting annual pre-tax profits of \$502,000 in 1985, the year it joined the market, it made a loss of \$326,000 in 1986. The shares, which had an issue price of 55p, were unchanged yesterday at 22p.

The company, which has fac-tories in Massachusetts and Leeds, makes optical instruments, subassemblies and comnonents for use in analytical medical instruments and

Earnings per share rose from 1.6 cents to 2.3 cents. The com-pany said it was inappropriate to pay a dividend in view of the resources required for its expansion plans.

Castle Comms pays £3m for record catalogues

By John Ridding

CASTLE Communications, the USM-quoted record and video company, is to acquire the PRT and Bronze record catalogues from Precision Records and Tapes and Legacy Records, respectively, for a total of £3m. The catalogues include the rights to master recordings by over 100 artists ranging from

Motorhead to Lonnie Donegan and orchestral works conducted by Sir Adrian Boult.

Castle said the acquisitions would provide substantial income streams from sub-licensing to other record companies and from royalties from public performances. In 1988, PRT returned net royalty income of £514,000 while Bronze achieved

The purchase is to be financed by a vendor placing of £2.25m of ordinary shares and £750,000 of deferred cash con-

Mr Terry Shand, executive chairman, said that trading in the current year continued strong. The company has recently entered into arrangements to acquire distribution rights to a package of films from 21st Century Film Corpo-

Australian buy for Rentokil

RENTOKIL, the pest control and environmental services group, has expanded its interests in Australia with the acquisition of Roots Indoor Plant Hire.

The company was purchased from Sydney-based G&B Industrial Services for £200,000 in

Eight months ago Rentokil paid 23.3m for Green Fingers Garden Centre, a tropical plant business also situated in Syd-

The two acquisitions have consolidated Rentokil's posi-

tion in the Sydney market as a leading tropical plant rental and maintenance company. The Roots business will be integrated with Green Fingers to increase the geographical spread, customer base and

profitability. Rentokil, which also leads the tropical plant rental field in the UK and the US, recently added to its British interests in this sector via the acquisitions of ALP Environment, a Yorkbased company, and Maintain Interior Planting, of Edin-burgh.

BBA well ahead

ssets £670,000.

BBA Group, the wholly owned subsidiary of Automotive Prod-ucts, reported pre-tax profits up from £2.9m to £24.2m, on turnover of £304.4m (£277.5m)

REPUBLIC OF INDONESIA

US \$200,000,000 Floating Flate Notes due 1992

in accordance with the provisions of

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 31st May, 1989 to 30th November, 1989 has been fixed at 9.9375 per cent per annum.

On the 30th November, 1989 interest of US \$505.16 per US \$10.000 nominal amount of the Notes and interest of US \$12,628.91 per US \$250,000 nominal amount of the Notes will be due against interest Coupon No. 15.

es Bank Corporation London Reference Agent

MCorp and MCorp Financial, Inc.

Moving away from the platinum influence

Kenneth Gooding reports on Johnson Matthey's plans to sustain reasonable growth

world's largest platinum world's largest platinum refining and marketing organisation, is at the cross-roads again. The group was brought to its knees by the financial collapse of its banking subsidiary in 1985, made a remarkable recovery and is now poised for further growth by way of a major acquisition. But Johnson Matthey's

future will be decided not only by Mr Eugene Anderson, the chief executive, and his team but also by the attitude of the Angle American Corporation of South Africa and its Lazembourg-based investment vehicle, Minorco.

The failure of Minorco's

\$3.5bn bid for Consolidated
Gold Fields, the UK diversified

mining group, has turned the City's attention towards other plums in its portfolio — and JM is one of the more juicy. Mr Anderson has a very clear idea of where he wants to take his group. He says he is ready to spend "several hun-dreds of millions of pounds" on an acquisition to lessen the company's dependence on plat-

inum group metals.

"When the platinum price moves, so does our share price. I want another division which doesn't dance like a puppet on a string when the platinum

price moves," he says.

JM has ready about £350m in eash and unused borrowing facilities and would be pre-pared to issue a big tranche of shares for the right business. But the question is would Anglo American be willing to ease its grip on the UK company, which is a strategic part of the platinum network operated by the master company in Mr Harry Oppenheimer's

That network includes Rustenburg, by far the biggest of the South African platinum miners, which is 37 per cent

OHNSON Matthey, the owned by Anglo. JM has the exclusive marketing rights to Rustenburg's output. Anglo's influence on JM is via a chain which includes Minorco (60 per cent owned by Anglo) and Charter Consoli-

dated, another UK investment

company, (36 per cent owned by Minorco). Charter owns 38

per cent of JM.
Anglo's control of world platinum production, marketing and fabrication does not end there. Minorco also owns 30 per cent of Englehard, a US company which handles most of the metal from South Africa's other major platinum

producer, Impala.

Many analysts assume that Anglo would not want its influ-ence on JM diminished by a dilution of Charter's shareholding through the issue of shares for a big acquisition.

Mr Anderson seems determined to test Angio's resolve. He says that acquisitions are necessary, not only to lessen JM's reliance on platinum group metals, but also so that the company can continue to grow at a reasonable rate, JM has recovered remark-ably since 1984 when the col-

lapse of its subsidiary, Johnson Matthey Bankers, threatened the whole group. The Bank of England bought JMB for a nominal £1 and JM suffered an extraordinary loss of £152m for

The severe problems caused by JMB obscured the fact that substantial expansion of the platinum division into jewel-lery fabrication in the UK and the US had also gone badly wrong. Losses on the US ven-ture totalled £100m in 1984-85, a big setback for a group which then had a net worth of £300m. Charter recruited Mr Ander-

son from Celanese Corporation in June 1985 to turn round JM. He is a tall, laconic American **Johnson Matthey**

in the 1970s when Tenneco twice sent him to sort out troubled British subsidiaries.

A chemical engineer with a Harvard MBA, Mr Anderson was offered a potentially lucrative, performance-based contract to join JM. The group's 1988 report shows he was paid £213,843 in salary (up from £160,933 the previous year), owned 579,736 shares, currently worth about £2.3m, and held options on 490,580 more.

Since his arrival, JM has cut its debt from £485m to £20m; net profit trebled to reach £44.3m at the end of the 1987-88 financial year and market capitalisation has jumped from £95m to about £689m. To achieve his objectives, Mr Anderson disposed of under-

performing assets and a dozen subsidiaries were sold to bring in £70m. He reorganised 78 divisions into four. The workforce was reduced from 10,000 to under 7.000. "We had a bunch of fiefdoms

scattered round the world. Many were legal entities with their own boards of directors. We had in house refineries competing against each other for the same contracts," Mr

He identified major product

Recently what Mr Anderson calls "the last chapter of the JMB affair" was concluded when the group's former auditors, Arthur Young, agreed to pay \$24.8m to settle claims pay 134.5m to settle claims stemming from pre-collapse audits. A long-running fire damage claim dating back to 1984 was also settled out of

profits/ losses 200

- refining, precious

metals marketing, catalyst systems, colours and printings

- and gave each one manage-ment team in charge of world-

Managers at all levels were given the chance to earn

bonuses, financial responsibil-ity was pushed down the line and "sensible" financial and

business controls were put in place to get information quickly to the centre where a strong financial and informa-

tion technology team had been

installed.
Some wasteful practices

were ended. Mr Anderson

points in particular to the way

that huge stocks of precious

metals were held off balance

sheet during refining and pro-

cessing. They are now included

on the balance sheets and man-agers must make an agreed

annual return on them to earn

He gives two examples of how JM invested to save

money. An outlay of £100,000

on a high-speed loom to pro-

duce platinum gauze saves £1m

of metal a year. In the produc-tion of high-grade silver

nitrate, a £300,000 investment

bonuses.

wide operations.

court for £9m.

He says with conviction:
"The judgment of the Bank of
England has proved correct. It
would have been a disgrace to
have allowed Johnson Matthey

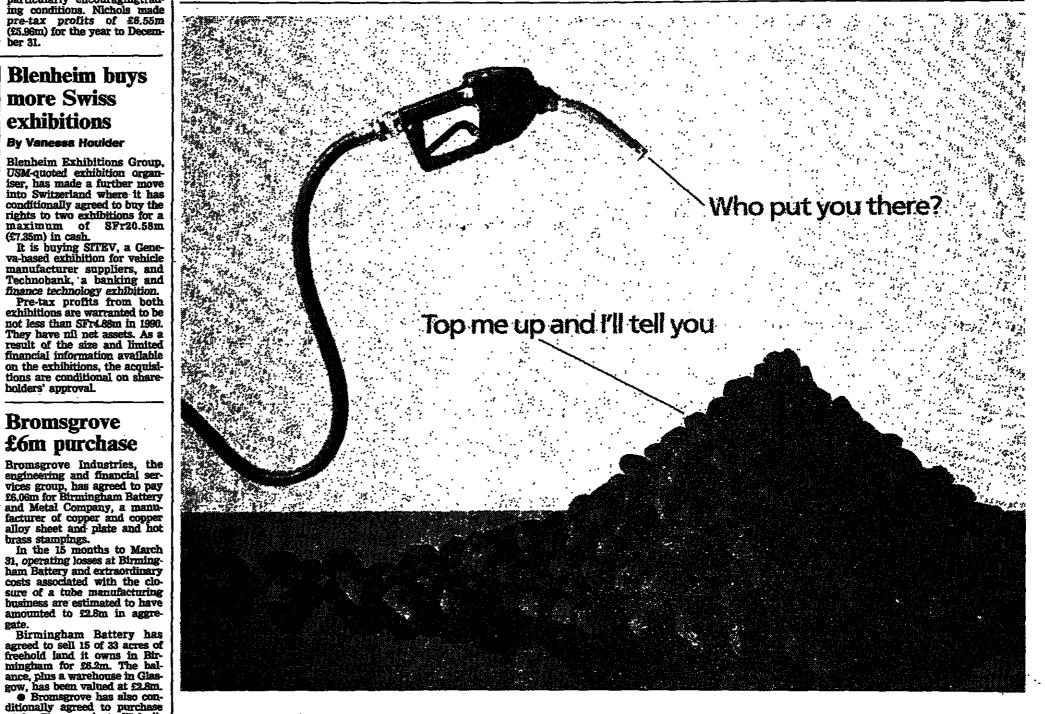
to go bust.

Today we have a strong company with leading technology and which still employs 4,000 in the UK. In the end it seems the Bank will make a profit on the transaction. The taxpayer has not footed the bill Johnson Matthey's share-holders did that when we wrote off £152m.

Mr Anderson praises Char-ter's "supportive" stance throughout the troubles, but admits he cannot automatically count on that continuing. Minorco has started to reorgan ise Charter and Sir Michael Edwardes, Minorco's chief executive, has temporarily moved in as chief executive of Charter. Contacts so far with Sir Michael have been brief but

Mr Anderson admits JM must settle for a more pedestrian earnings growth unless he finds the right acquisition. At the half-year stage, taxable profits showed a rise of only 3 per cent and analysts forecast that the full-year result, to be announced on June 15, will be hetween £65m and £66m, compared with £60.6m in the previ-

As things stand, it may not be long before Anglo American has to decide between accepting a lower rate of growth from JM or seeing its influence diminished.



"In fact, I'm here to represent two of the oldest parts of the Powell Duffryn Group: Powell Duffryn Fuels and our founder's interests in coal"

"Really. UK Petroleum Products are my boys. We're one of the newest parts of the Group. Not like Powell Duffryn Terminals, who run one of the country's largest international chemical storage concerns. They've been in business for years."

"I wonder how many people know that"

"And how many know that Powell Duffryn makes ventilated disc brake castings for Range Rovers, Jaguars, Renaults and the like - and marine pumps and compressors?"

"Or that they produce millions of concrete bricks every year, every one every bit as good looking as a clay brick"

"Of course, that's why we're both here. To try and tell people as much as possible about Powell Duffryn, and their successful track record."

"That's right. Trouble is, there's not much space, is there?"

"Enough to mention the Group's successful entry into the LPG heating market. And to say that Hamworthy Engineering are the people who make the hydraulics for earth movers."

"And that, if anyone wants more information, they have only to ask" "You slipped that in nicely!"



One of Britain's most interesting industrial groups

For copies of our recently published Group brochure, and our current Report & Accounts, please write to Douglas Stormont, Powell Duffryn plc. Powell Duffryn House, London Road, Bracknell, Berkskire RGI2 2AQ, or telephone 0344 53101. 200 200 0 0.40 0 1-11-1-10000

MONTEDISON

Gruppo Ferruzzi

S.p.A. - Registered Office: Milan - Foro Buonaparte, 31 Share Capital Lit. 2,704,621,524,000 fully paid up Milan Court, Companies Registry Nr. 355 - Vol. 10 - Section 84

NOTICE OF A GENERAL MEETING OF SHAREHOLDERS

Shareholders of Montedison S.p.A. are hereby convened to attend an Ordinary General Meeting of share holders, to be held at Centro Congressi Milano Fiori of Assago (Milan) on June 21, 1989 at 10.00 AM (first call and if needed, on June 22, 1989 (second call), same time and place, in order to discuss and vote upon the control of the call and following items on the agenda:

- Reports by the Board of Directors and Statutory Auditors on the financial year 1988;

- Accounts for the financial year 1988; - Election of Directors and determination of their remuneration; - Appointment of Independent Auditors under art. 2 of DPR 136/1975; determination of their remuneration Resolutions relating to and required by the above items.

Shareholders are entitled to attend the General Meeting if, at least five days prior to the Meeting (excluding from the computation the day of the Meeting), they have deposited their share certificates at the Company's registered office or at one of the following financial institutions:

Monte Titoli (for certificates deposited with the same), Credito Italiano, Banca Commerciale Italiana, Banco di Roma, Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Banco di Sardegna, Istituto Bancarlo San Paolo di Torino, Monte dei Paschi di Siena, Banca Cattolica del Veneto, Banca Creditwest e dei Comuni San Paolo di Torino, Monte dei Paschi di Siena, Banca Cattolica dei Veneto, Banca Creditwest e dei Comuni Vesuviani, Banca Credito Agrario Bresciano, Banca del Monte di Lombardia, Banca di Legrano, Banca Lombarda di Depositi e Conti Correnti, Banca Manusardi & C., Banca Mercantile Italiana, Banca Nazionale dell'Agricoltura, Banca Popolare Commercio e Industria, Banca Popolare di Bergamo, Banca Popolare di Milano, Banca Popolare di Novara, Banca Popolare di Sondrio, Banca Provinciale Lombarda, Banca Toscana, Banco di Chiavari e della Riviera Ligure, Banco di Santo Spirito, Banco Lariano, Barclays Bank PLC, Cassa di Risparmio delle Provincie Lombarde, Cassa di Risparmio di Firenze, Cassa di Risparmio di Genova e Imperia, Cassa di Risparmio di Roma, Cassa di Risparmio di Torino, Cassa di Risparmio di Verona Vicenza e Belluno, Citibank N.A., Credito Bergamasco, Credito Commerciale, Credito Emiliano, Credito Lombardo, Credito Romagnolo, Credito Varesino, Istituto Bancario Italiano, Istituto Centrale di Banche e Banchieri e Banche sue Associate, Istituto di Credito delle Casse di Risparmio Italiane "I.C.C.R.I." on behalf of Casse di Risparmio Associate, Nuovo Banco Ambrosiano. Associate, Nuovo Banco Ambrosiano.

Abroad (by appointment of Italian banks according to the law):

Société de Banque Suisse - Basel and Zurich, Crédit Suisse - Zurich, Union de Banques Suisses - Zurich, Hentsch & Cie. - Geneva, Banca della Svizzera Italiana - Lugano, Banco di Roma per la Svizzera - Lugano.

Banque Nationale de Paris, Crédit Lyonnais, Banque Indosuez, Banque Louis Dreyfus - Paris.

In Great Britain: Hambros Bank Ltd., Morgan Guaranty Trust Co. - London.

in Italy:

Banque Bruxelles Lambert, Kredietbank, Générale Bank - Bruxelles.

In West Germany: Deutsche Bank, Dresdner Bank, Berliner Handels- und Frankfurter Bank - Frankfurt a/Main.

In The Netherlands: Amsterdam Rotterdam Bank N.V. - Amsterdam and Rotterdam.

Citibank N.A., Morgan Guaranty Trust Co. - New York.

On behalf of the Board of Directors Raul Gardini

PROCEDURES TO BE FOLLOWED BY FOREIGN SHAREHOLDERS:

(a) Shareholders wishing to attend

must request in writing or by telex that the bank where their shares are deposited issue an admission ticket, if that bank is one of Montedison's above-listed depositary banks; if the bank where their shares are deposited is not one of Montedison's depositary banks, they must request that that bank contacts one of the depositary banks so that an admission ticket can be issued. All admission tickets must be issued at least five days before

(b) Shareholders wishing to vote by proxy

may appoint a proxy only after depositing their shares and receiving the admission ticket in accordance with the procedures described in (a), above. Proxies are to be in writing and cannot be issued to: banks, members of the Board of Directors, statutory auditors and employees of Montedison and its subsidiaries.

Please note: Shareholders may contact the foreign branches of the above-listed Italian depositary banks to expedite these procedures.

THE COMPANY'S FINANCIAL STATEMENTS TO BE APPROVED AT THE MEETING ARE AVAILABLE FROM MAY 31, UPON REQUEST, FROM THE FOLLOWING LOCATIONS:

* * * *

MONTEDISON S.p.A., Foro Buonaparte 31, 20121 Milano (Italy) Att. Mr. C. Faedi (tel. 2.6270.5609)
 MONTEDISON USA INC., 1114 Avenue of Americas, New York N.Y. 10036 (U.S.A.)
 Att. Ms. M. Kennedy (tel. 212.764.0414)

 MORGAN GUARANTY U.K., Morgan House, 1 Angel Court, London EC2R 7AE (U.K.) Att. Mr. D. White - Securities Service Dept. (tel. 1.600.23.00 ext. 3202).

COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS

GENÈVE - LUGANO - LONDRES - NEW YORK - TOKYO

The Compagnie de Banque et d'Investissements (CBI) with headquarters in Geneva and offices in London. New York and Tokyo is opening a new branch in the Ticino in order to reinforce its presence in the Swiss financial market place. at the following address:

> Compagnie de Banque et d'Investissements Lugaño Branch Via Cantonale, 2 CH - 6901 Lugano

Switzerland Tel. +41 (0)91/23 66 33 - Facsmile +41 (0)91/22 04 05

Mr. Adriano Sala has been appointed Branch Manager.

Mr. Gianfrancesco Moscatelli, resident in Lugano and Managing Director of Figefin S.A., a finance company from now on wholly owned by CBI, has been appointed Director of the Bank and will be supervising the running of the Ticino branch.

Holding SA

GENEVA 1988 DIVIDEND

Following the decision taken by the Shareholders' General Meeting held on May 29. 1989, the dividend for the 1988 fiscal year is payable, free of charge, as of May 30, 1989 by BANQUE PARIBAS (SUISSE) S.A., UNION DE BANQUES SUISSES, SO-CIÉTÉ DE BANQUE SUISSE and CRÉDIT SUISSE, as follows:

Per bearer share of SFr. 1.000.- nominal value, against remittance of coupon No

> Gross amount: SFr. 65.-(-35% Federal withholding tax) Value number: 217 375

Notice of Redemption

U.S. \$25,000,000



The Sanwa Bank, Limited

Floating Rate Certificates of Deposit

Due 5th July, 1990 Notice is hereby given that, in accordance with Clause 3 of the Certificates, the issuer will exercise the Call

Option and redeem all the outstanding Certificates at their principal amount on 5th July, 1989 when interest on the Certificates will cease to accrue. Repayment of principal together with accrued interest will be made upon presentation of the Certificates at the London office of the Issuer on 5th July, 1989.

Credit Suisse First Boston Limited Agent Bank

UK COMPANY NEWS

Acatos slides to £1m as margins squeezed

By Clare Pearson

THE DOWNTURN in the UK down 15p at 200p.

edible oils and fats industry Acatos is, however, keeping hurt Acatos & Hutcheson even more during the first half, when its pre-tax profits plummetted from £6.89m to £1.09m.
The company said the reason

for the squeeze on margins, which caused profits to grind to a halt during 1988, continued to lie in overcapacity in the British market which was compounded by fierce competition from European manufac-turers. But there had also been difficulties with an internal restructuring during the first half.

One analyst said in the light of yesterday's results, for the six months to April 2, he was halving his pre-tax forecast for the full-year to £4m. The announcement left the shares

the interim dividend at 3.5p and says the overall prospects for the second half are "consid-

erably better than the first." Mr James Weir, finance director, said he would especially look for an improvement in the dominant operation which provides own-branded fats and oils to supermarket chains, which lost £2m during the first half. Recent reorganisations had put right a loss of feature had put right a loss of focus arising from rationalisations during 1988, he said.

The company is not expect-ing the edible oils factory in Seville, Spain, which it owns through a joint venture, to move into production until next year. This contributed a loss of £600,000 during the

interim period.

The strength of sterling against the D-Mark took its toll on Acatos' trading margins while net interest payable rose to £1.32m (£842,000) on higher UK interest rates. Turnover was £134.17m (£125.54m). Earnover trade of the first rate of the first rat ings per share came out at 2p

Mr Weir said Acatos continued to stand by statements made by Mr Ian Hutcheson, chairman, at the annual meeting in February that no take-over proposals from third par-ties, or the management, had been received. Analysts then said speculation surrounding the company, where substan-tial share stakes are held by directors and other friendly parties, seemed ill-founded at this stage.

Seaforth Maritime ships sold

JAMES FINLAY, the Glasgow-based international financier and trader, and Tay-lor Woodrow, the construction company, have sold the fleet of eight vessels belonging to Sea-forth Maritime, their jointlyowned energy services com-

pany.
The eight ships are being sold to Sverre Farstad, a pub-licly quoted Norwegian com-pany, for £18.7m compared to a book value of £15.8m at the end of last year. The payment will be in cash, to be paid in a num-

The ships are the principal trading assets of the loss mak-

Pennant reports £199,000 loss

debit of £78,533, representing

the company's costs in joining the Third Market. The result marks the third

year of profits decline for the company, which saw pre-tax profits sink from £273,000 in 1985 to £129,000 in 1986. A final

dividend of 0.20 is proposed, although the directors have

waived their right to this.

the ing Seaforth Maritime, 55 per cent owned by Finlay and 45 per cent by the construction action company. In the year to December 1987, Seaforth lost of Seaforth and is expected to have reade a less in 1988 as well.

made a loss in 1988 as well.

Mr Richard Capper, a director of Capper, expalined that the divestment was made with the divestment was made with the straightforward aim of reducing the group's exposure to the difficult oil services sec-tor. The poor performance at Seaforth has been one of the reasons why Finlay's pre-tax profits have fallen from £23m in 1987.

The common has recently

been beset by hid speculation and Elders Investments, an off-shoot of Elders IXL, emerged last October with a 5.77 per cent stake. John Swire & Sons, the Hong Kong-based trading group, holds 29.9 per cent.

GKN expands

GKN, the automotive

components and engineering group, is to extend its indus-trial services operations in the reasons why Finlay's pre-tax US through the acquisition of Foothill Tool and Equipment Rental, a plant hire business. The company has recently for a total cost of \$13.3m.

Exceptional items boost Crown Comms to £3.79m

Pennant Group, the Norfolk-based leisure group traded on the Third Market, yesterday EXCEPTIONAL CREDITS of reported a move into the red in £2.25m, against £55,000 last 1988, when it made a pre-tax loss of £199,121 against a pre-tax profit of £14,000 in 1987. time, were reflected in near trebled pre-tax profits of \$3.79m from USM quoted Turnover increased from \$2.76m to £3.51m. The company Crown Communications in the six months to March 31 1989, compared with £1.3m on a problamed the loss on increase costs, such as spare parts for boats and coach engines. There was an extraordinary forma basis. Turnover rose

from £9.39m to £10.19m. The exceptional items com-prised the net profit on the sale of the group's investment in certain radio stations and profit on the sale of freehold premises, less the cost of relocation to new offices/produc-tion facilities and development costs in relation to potential

Comparisions have been adjusted to reflect the merger of Crown TV and Crown Radio and the acquisition of the out-standing 41.8 per cent interest in LBC.

The company is paying an interim dividend of 1.5p - last year a single final of 3p was

During the period the com-pany has developed its produc-tion activities. These developments, together with European radio, will involve considerable overhead expense in the cur-rent year, but are expected to make valuable contributions to future earnings.

The business communica-tions side substantially increased turnover in the half, although profit margins were not yet satisfactory.

sold 100,000 shares, reducing holding to 1.625m (9.61 per

Throgmorton Trust: Equitable

Life Assurance has purchased 1m ordinary and holds 20.1m

(7.17 per cent). Prudential Cor-porationhas sold 1m shares reducing fielding to 30.75m

Titaghar Jute: John Brealey holds 15.29 per cent of prefer-

Tor Investment Trust: British Empire Securities and General Trust purchased 517,500 shares

Woodington: Following his resignation from board, Mr Harold S Winton has disposed of his

and his family's interest in 2.63m shares. They have been placed with institutions and

others including directors of

(20.63 per cent).

company.

SHARE STAKES

8.87m (19.34 per cent). Investment Trust of Guernsey:

Island Properties has acquired

115,225 ordinary by taking scrip issue instead of dividend.

Total holding 5.57m (7.767 per

Changes in share stakes announced recently include: Abtrust New Dawn Investment: Singer and Friedlander acquired 3.3m shares (22.177

Alva Investment: ERI has lifted interest to 473,200 shares (27.04 per cent).

BOC Group: DH O'Connell Jnr, director, exercised options on 152,000 ordinary at 285p, and

sold at 501p. Brooks Services: 3i has disposed of its notifiable interest. carbo: W. Canning has acquired 30,000 shares and has 659,000 (5.13 per cent).

City of Oxford: Olliff and Partners acquired 100,000 lifting holding to 2.05m, (10.25 per

Fleming Mercantile Investment: JF Denholm, director, purchased 2,378 ordinary at 208p. Holding now 4,878 (0.003 Gardnore Value Investments: Govett Strategic Trust has acquired beneficial interest in

5m shares and now interested in 10.05 per cent. Hambros Advanced Technology: Hambros has bought 5.1m shares and lifted holding to

10.2m (52.53 per cent). Hanson: Mr CGF Harding, director, exercised options over 122,998 ordinary at 26.7p and sold 61,108 of those at 199p. Now holds 125,000. Heath (CE): Hambros has lifted its stake by 935,000 shares to

Jacobs (JI): John Henry Jacobs has acquired 205,000 shares at 70.62p bringing holding to 3m (13.95 per cent). Kerry Group: Ulster Invest-ment Managers holds 2.69m A

shares (5.8 per cent).
Macro 4: Scottish Amicable Investment Managers acquired further 35,000 and holds 1.92m (8.66 per cent).
Osprey Communications: Hill

Samuel Smaller Companies Trust has acquired 66,305 and its total holding is now 539,918 (5.62 per cent). Platon International: Quaestus SA bought a further 45,000

shares, increasing holding to \$59,565 (14.45 per cent). Savage Group: Nick Savage, chairman, has sold 600,000 shares at 177p and beneficial interest now 4.9m shares; David Brown, chief executive, sold 117,500 at same price and beneficial interest 800,000 shares. All shares sold to insti-tutional clients of company's brokers. Standard Chartered: PH Robin-

son, director, bought 1,000 ordinary at 540p. Holds 6,000 (0.002 per cent). Telfos Holdings: Water Author-ities superannuation funds

NOTICE OF PURCHASE

BOWATER INDUSTRIES PLC 91/4% Bonds due 15th May 1992

NOTICE IS HEREBY GIVEN to bondholders that US\$5,000,000 nominal amount of the above issue was purchased in the market in the period prior to 15th May 1989 and applied in respect of the ninth mandatory redemption instalment payable on that date.

BOWATER INDUSTRIES PLC. Bowater House Knightsbridge London SWIX 7NN

Fernau Avionics for £4.25m By Clay Harris

USH to sell

UNITED SCIENTIFIC Holdings, the financially trou-bled defence equipment group, is to sell Fernan Avionics to management for £4.25m, less than two years after acquiring the manufacturer of ground navigation systems and radio

mangatant systems and the surveillance equipment.

The disposal price is less than the £7.5m USH paid for Fernau and the £6.3m balance sheet value of the subsidiary's assets at September 30 1988. However, USH, is retaining, and plans shortly to sell, property valued at £3m. Fernan has also paid its parent about £700,000 in dividends

about £760,000 in dividence since 1987, not counting a special £2.75m payment included in the sale price.

Mr Nick Prest, who was appointed deputy chief executive earlier this month on the same day USH warned that it would report a loss for the current year, said the group had made a small turn on its investment in Fernal. investment in Fernau.

The dispesal, which was sig-nalled in March when USH's agm was told that Fernau fell outside its intended core activities, was the only one envis-

ities, was the only one envisaged at present, he said.
Fernau made pre-tax profits of £1.4m in the year to September 30, although Mr Prest said this figure included one-off property sales and disposals from an investment portfolio. The new management com-pany, backed by 31, will assume responsibility for a £1.5m payment due to be made to the original sellers on com-pletion of a major contract.

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TECHNOLOGY

one was talking about flexible manufacturing systems (FMS). It was the only answer to small batch production, they

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But people tried to jump too many technological hurdles at once and the acronym FMS started to be associated with expensive disasters. Today, it may not be the trendy catchphrase it was, but FMS is very much alive—and producing healthy results for many a manufacturing company. One such is Termoz, a small subcontractor based in Chassieu, near Lyon, in the Rhone-Alpes region of France.

Small batch production helps to provide the flexibility needed for just in-time manu-facturing, which involves producing only to customer order and eliminating stock

The problem with small batches is the set-up time. Even with the most modern of machine tools, it can take several hours, or even several days, to prepare a machine before production can start.

The target of an FMS is to The target of an FMS is to avoid this delay by separating the set-up operation from the machiming process. While an operator at one station is preparing a pallet, its fixtures and the component for machining, machine tools at other stations are entitled the prepared comare cutting the prepared com-

ponents.

To keep production going continuously, an FMS has to incorporate tool stores, pallet stores and an automated cart that transfers the pallets between the different stations and stores. The whole opera-tion is computer controlled.

With the automated equipment and the organising soft-ware, FMS is a hig investment for a company. So although its flexibility makes it the obvious technology for small subcontractors, such as Termoz, few

have adopted it.

A report by the United
Nations Economic Commission for Europe indicates that investment in FMS requires strong financial resources and in-house technical expertise, both of which are mainly found in large companies. It quotes one estimate that in western Europe, companies with more than 1,000 employees account for more than 60 per cent of the accumulated investment in FMS. The same report indicates that two thirds of all FMSs produce less than 50 different components.

With only 190 employees and

The healthy results of a little flexibility

a typical FMS user. The com-pany was formed by the Ter-moz family in 1968 and the 1988 turnover was FFr 100m (£10m), an increase of 17 per cent over the 1987 figure.

The business is entirely

involved in sub-contract machining, the bulk of customers coming from the transport, textile machinery and armament industries. About 25 per cent of turnover is exported to the UK. Belgium, West Germany and Switzerland

From the beginning, Termoz invested in the most modern equipment. In 1973, it bought its first numerically controlled machine tool and since then about 50 more have been intro-duced. Most are linked to a central direct numerical control (DNC) computer, so that the machining programs can be downloaded electronically to the machine controllers without having to use paper

However, almost every machine Termoz bought was different different models, different makes, different numerical control systems.

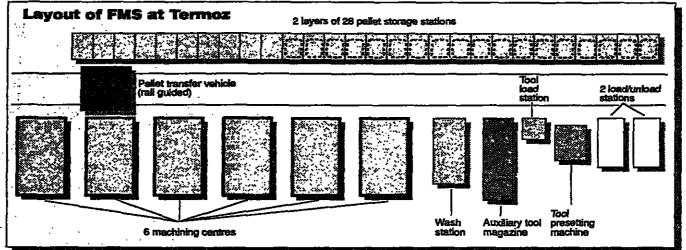
By the mid-1980s, the com-pany began to realise the error of its ways. Having a variety of machine tools meant that every job had to be prepared for a specific machine. This inhibited scheduling flexibility, resulting in delays and disorder whenever an unforeseen event occurred - such as a machine breakdown or a rush

But probably what affected Termoz's philosophy even more were developments in the market place. Customers were changing their ways of order-ing. Instead of placing orders for 250 per month, they were beginning to ask for 25 every two days, for example.

Today, about 60 per cent of output is processed in a justin-time mode, with customers taking delivery of their orders in "time slots" every one or two days. A crucial step in developing

greater flexibility was to elimi-nate set-up times. Two deci-sions were made: to standardise on control systems from Fanuc, of Japan; and to install an FMS. Few calculations preceded

the investment. "A small com-pany like Termoz doesn't have the resources to study and calculate pay-back periods. The an FMS machining more than need we had identified was 120 components, Termoz is not enough for us to proceed with Flexible manufacturing systems ought to suit the nimble ways of small companies, but the size of the investment and the expertise required often act as barriers to their installation. In these two examples of approaches to FMS, the main contrasts lie in the attitudes of the small organisations to continuous running and pay-back periods



the investment," says Jean-Luc Bacher, export marketing director.

The company opted for one of the standard FMS solutions on the market, that of the Jap-anese machine tool company, Makino. As it needs only a small amount of tailoring, the technical risk is minimised.

The first phase of the invest-ment, involving FFr 16.5m, was put into place in 1986. It involved three identical machining centres, a wash station. an extra tool magazine, a railguided pallet transfer truck, two load/unload stations and a 56-pallet storage rack. The truck takes pallets containing components or cutting tools between the load/unload stations, the storage rack and the

Everything is under the control of a computer, which ensures that the cutting pro-grams, cutting tools and parts are all in the right place at the right time. In the second phase, added late last year, a further three machining cen-

tres were incorporated.

Originally, the company had hoped to run the system unmanned for part of the time, but that has not been achieved. This is mainly because the FMS accomplishes so much work so quickly that unloading the completed work at the end

of an unmanned period could become chaotic.

With an average machining time of 25 minutes per pallet, six machines can finish more than 12 an hour. Termoz has found it necessary to have three workers on the system at all times: one for loading and unloading pallets; one for inspecting completed compo-nents; and a third for supervision and preparing cutting

Has Termoz done any retroras fermoz tone any enter-spective pay-back calculations? There is no time for that, says Bacher, and no need. The FMS is kept busy 24 hours a day, seven days a week - except for a three-hour break each week for maintenance.

Before the latest three machines were added, the sys-tem had achieved a high efficiency rate with the machines operating for 95 per cent of their available time.

The company claims that from the moment a client places an order by telex it takes only 30 minutes before the FMS starts machining the component - provided that it is already "known" to the system. Previously, says Bacher, this would have taken two to three days and caused disrup-

Anna Kochan

ow do you justify part of a wider reorganisation. This experience is undercostly flexible man-ufacturing system scored by other examples in the UK, including a £1m FMS cell installed by Fritz Werner, (FMS) when group head office has a rule, cast in stone, that capital investment must have the West German manufac-turer, at Landis Lund, a machine tool maker in Keigh-ley, West Yorkshire. Landis a two-year pay-back time? Hydrovane, the UK compressor manufacturer, says it has Lund claims that its FMS has

done this with a £3.5m investpaid for itself in three years. ment in two machining cells as part of a complete reorgani-Hydrovane, with sales last year of £30m, manufactures sation of its shop-floor. The cells each include four computcompressors ranging in price from £400 to £15,000. It claims er-linked cutting machines a 25 per cent share of the UK and a robotic vehicle moving along almost 40 metres of market for portable compres-sors - the yellow, towable machines seen on building track, loading and unloading components.

The project, which will cost \$4.5m, is not yet finished. The sites. Its main competitors include Sweden's Atlas Copco, Ingersoil Rand of the US, Broomwade of the UK, and

CompAir-Holman, another UK subsidiary of Sibie.

programme, at Hydrovane's site at Redditch, in the Mid-lands, is being monitored by auditors from the parent com-In 1985 Hydrovane decided pany, Sibie. Hydrovane says that it is on course to meet the to reorganise its manufactur-ing. A broad plan was devised tight pay-back deadline. the following year and the Mike Batchelor, Hydro-vane's manufacturing director, first machinery installed in 1987. The 150,000 sq ft Redsays that conventional methditch factory was redesigned ods of costing should not be applied to sophisticated to improve work flow: chang-ing the location of the stores, chanks of capital investment delivery and despatch areas, introducing moving tracks like FMS cells. However, the company's experience indi-cates that even on conveninto the assembly area and installing computerised testtional grounds, expensive pieces of kit can meet high "pay-back" hurdles, if they are ing equipment. All this will not be completed for another year or so, although both cells

running.
The machines, the carrying vehicle and the computer software were provided by FMT, the Brighton-based machine tool company formerly called KTM. The two cells are controlled by a Digital Equipment computer system and the machine controllers are from Siemens of West Germany.

One cell handles aluminium components like oil chambers, bell housings and manifolds. It machines 33 components with a total of 44 machining operations. The other cell machines cast iron parts like drive end covers and rotor sta-tor units. This cell deals with 20 components and a total of 20 operations. The definition of an "operation" is broad. It might involve, for example, drilling and threading up to 60

holes.
Tool changing on machines is done automatically using a series of sensors to measure wear, bar codes to identify tools and a computer-run tool management system. None of these features are new to FMS, although FMT claims its tool changing system requires lower tool stocks than systems from West German and Japanese competitors.

of the £4.5m, about £100,000 has been spent on training. As an example of job changes, Peter Hawkes, a 55-year-old former machine tool operator. now runs the computerised tool preparation programme, working with a Zoller tool setter, visual display unit and Digital computer.

Not everything has gone smoothly. The tool changing software is shared between the two cells and it took longer than expected to link them up. Hydrovane also continued its practice of pre-machining its bought-in rough castings before putting them on to the FMS. It has now decided it should feed the rough castings

into the system directly.

The cells are also not linked up to the company's mainframe computer as some com-panies have done as part of a panies have done as part of a computer-integrated (Cim) system. "I don't know whether it is necessary," says Batchelor. He also points to a way of costing the use of FMS cells which Hydrovane resists. The tendency is for factories to run florible systems. fint out to

flexible systems flat out to

give a high measurement of work throughput. "All this

the cost of an FMS against labour saved is a useless task. "Labour is only 4 per cent of the company's costs anyway."

does is build up inventory

producing material we don't necessarily need. We are treat-ing the FMS as a fixed over-head."

He also says that measuring

However, the company points to substantial improveents in business performance as a result of the FMS and the shop-floor reorganisation of which it is part. Without it, says Batchelor, the company would not have been able to would not have been able to meet a substantial growth in demand in the compressor market. It has been able to do this without seeking extra floor space, which would have been necessary if it had simply continued with numerically controlled machines. The FMS allows the com-

pany to keep machining quality to plus or minus five microns (millionths of a metre), providing a much more consistent performance. It has also led to some one-off savings.

Hydrovane's most recently introduced products have been designed to make components easier to machine and handle on the FMS. But the main benefits of the FMS are part of the overall changes on the shopfloor. Hydrovane makes all its products to order and says it has reduced the time between ordering and delivery from three months to five weeks.

The target is 20 days. The company does concede that its assembly area is outdated, with piles of compo-nents lying on the floor. New tracks there should help cut the time from the finish of component machining to final assembly from seven days to one seven-hour shift.

By various means, including a much closer relationships with its suppliers, the com-pany has raised its stock turn-over from 3.5 times to 5.5 times per year. Foundries supplying castings, for example, receive a weekly schedule of Hydrovane requirements.

Batchelor says that it has been hard work. "It is an awful lot for one company to absorb in one slug."

And Hydrovane is discovering something that other medi-

um-sized manufacturers have also come across after moderninising their manufacturing. It needs to beef up the numbers of production engineering personnel to cope with operat-ing a modern shop-floor.

Nick Garnett

PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION

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The risks involved in trading often complex instruments in the capital markets need to be identified, measured and managed. In these workshops a team of Price Waterhouse and banking industry experts examines the risks and explains how they can be managed successfully. Speakers will be drawn from Price Waterhouse's Capital Markets Group and a panel including:

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Tender Offer

J. Henry Schroder Wagg & Co. Limited

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- Fenders should be in writing and must be received by II.00 a.m. on Tuesday, 13th June, 1988. Subject to paragraph it below, the tender at the highest price made in accordance with these terms will be accepted at that price. If more han one valid tender is trade at that price, Schroders shall have absolute discretion either to decide which of such enders to accept or to invite those parties to increase the price at which they are tenderno. The successful anderer will be notified by II.00 a.m. or Wednesday, 14th June, 1989. An announcement will be made to The Stock Exchange as soon as practicable thereafter.

- Tendens once made will be irrevocable. By submitting a tender, a person tendering will offer to purchase at the price stated in such tender all the Molins ordinary shares on the terms of this Tender Offer, and any contract resulting from the acceptance of that tender will be governed by and construed in accordance with English law.

- 8. The right is reserved (at the option of IEP Securities) to terminate this Tender Offer and to reject all tenders (but not some only) in the event that, at any time at or before 11.00 a.m. on Tuesday, 13th June, 1969, a public announcement is made by a time) party or Molins of any intention to make an offer, or of discussions which may lead to an offer being made, to acquire the whole of the issued ordinary share capital of Molins by way of an offer, partial offer or tender offer under the provisions of The City Code on Take-overs and Mergers or the Rules Governing Substantial Acquisitions of Shares.
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- oders reserves the right to reject any tender not complying in all respects with the requirements of this Tender

- IEP is not interested in any ordinary shares of Mohns save for the Mohns ordinary shares held by IEP Securities, which are the subject of the Tender Offer, and one Mohns ordinary share held by Rambow Group (UE) Limited, a wholly-owned subsidiary of IEP.
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- This advertisement, which does not and is not intended to constime an offer or invitation to acquire, otherwise than pursuant to the Tender Offer, or to subscribe for securities in Molins, has been issued by Schroders, a member of TSA and financial adviser to IEP Securities in connection with the Tender Offer.

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COMMODITIES AND AGRICULTURE

EC farm ministers urged to accept NZ imports plan

By Tim Dickson in Brussels

MR RAYMOND MacSharry, the European Community's Agriculture Commissioner, has urged EC farm ministers to end the uncertainty surrounding imports of butter and sheepmeat from New Zealand. In a tough statement at the

Farm Council meeting which ended in Brussels last night. Mr MacSharry effectively ruled out any changes to the Commission's original proposals for imports between 1988 and 1992, and called on EC member states to approve them as soon

He said that re-negotiation was out of the question because of the April standstill agreement on subsidies reached in Geneva in the context of the General Agreement on Tariffs and Trade.

Mr MacSharry's latest com-ments will raise hopes in Wel-lington that the delicately balanced package agreed last autumn between the then Farm Commissioner, Mr Frans Andriessen, and New Zealand's Minister of Overseas Trade. Mr Mike Moore, will get the politi-cal green light at the next

WEEKLY

METALS

PRICES

Farm Council in Luxembourg If so it will bring to an end the "roll-over" arrangements under which New Zealand butter has continued to enter the UK market in quantities based on last year's annual quota of 74,500 tonnes, and which ministers decided late on Monday night should now run until at

No serious discussion of the difficulty had been expected this week because of Irish Government fears that the issue could be an embarrassment in the run up to the general elec-tion called by Dublin for June

least the end of next month.

The question of New Zealand butter and sheepmeat access raises strong passions on both sides of the argument. The Wellington Government sees it as a litmus test of the EC's attitude to free trade, while agricultural lobbies in Europe say New Zealand farmers should be forced to share in the sacrifices they have been asked to make by Brussels in

recent years.
The deal between Mr Moore

and Mr Andriessen involved a cut in the butter quota to 64,500 tonnes this year (with successive reductions in the

On sheepmeat (where the current arrangements are enshrined in the Gatt), Wellington was prepared to accept a cut in the overall quantities for lamb on condition that the 10 per cent tariff was

following years) compensated

by a cut in the import levy

from 25 per cent to 15 per

Reacting to those who said the Commission should go back and "do better," he pointed out that Brussels' pro-posal on sheepmeat "limits NZ's export possibility by 40,000 tonnes, contains a firm and qualified commitment on chilled imports and includes a commitment to price disci-

Further discussions had in fact taken place with Wellington but the interim agreement reached in April in the Gatt on tions for the butter and sheep-

EC agrees action programme for forests

SEVERAL hundred million Ecus over the next five years will be spent on Europe's "wood chain" – shorthand for forestry and forest products industry — under a pro-gramme of measures agreed by European Community Farm Ministers in Brussels this

The so-called First Action Programme, which will run from 1989 to 1992, will be aimed partly at encouraging those who want to grow trees on former agricultural land. However, it will also encompass other objectives such as environmental protection and recreation.

Ever since it made its formal

proposals last year, Brussels has been keen to emphasise that the programme should not be seen as an attempt to establish a common forestry policy nor as an attempt to set up a market organisation in wood such as exists for many agricultural commodi-

The measures are intended to be flexible and therefore to respect and complement distinctively national forestry pol-

The programme was conceived largely within the context of the reorientation of

the community's Common Agricultural Policy and the Commission's determination to stimulate the development of the rural world (including agriculture and other rural activi-

It has also been drawn up in

the face of a market situation where the community suplies only half of its own timber requirements – a total of 115m cu m – and therefore carries the burden of an annual trade deficit varying from Ecu 15bn (£9.9bn) to Ecu 20bn. The expected increase in production on present estimates will fall short of the projected increase in consumption between now and the end of

Community forests are under-exploited and large areas are subject fo serious damage from pollution, fire, disease

the century.

According to forestry experts, the soil conditions and climate in EC forests are nevertheless better suited in many cases to forest production than those in the countries from which European imports are

Under the new programme aid will be channelled to the development of forestry in spe-cial areas chosen for structural development, for forestry development on agricultural land (an annual premium of Ecu 150 per hectare will compensate farmers for loss of revenue), for the reinforcement of environmental protection, and for a European Informa-tion and Communication Sys-

The final package was agreed on Monday after the final West German reservations over processing and marketing were resolved. It will involve a budgetary contribu-tion of Ecu 70m in the first year rising to Ecu200m by 1992. The Community has 43m hectares of woodland, about 20 per cent of the total land area. Forestry employs over 2m people in wood production, harvesting, processing and

marketing. Britain stood to gain up to 56m a year under the programme, through contribu-tions towards the cost of the its Woodland Grant and Farm Woodland schemes, the Forestry Commission said yester-

day.

Mr John MacGregor, Minister of Agriculture, Fisheries and Food, said: "This programme acknowledges the sense of the kind of schemes which Britain has been introd-

ucing. It has a number of use-ful objectives which are in line with existing UK policy. It recognises the contribution that forestry can make as an alternative use of agricultural land and towards the protection of the environment."

Member states would now be able, in some cases, to seek re-imbursement from Community funds of part of their expendi-ture in support of forestry (although this did not extend to planting carried out by gov-ernments themselves) and in other cases, to seek Community funding to supplement such expenditure, the Forestry

Commission explained.

The Chairman of the Forestry Commission, Sir David Montgomery, will outline the modern standards of forest landscape design practised by the commission and required of applicants for the Woodland Grant Scheme at the launch of the commission's publication

"Forest Landscape Design
"Forest Landscape Design
Guidelines" in London today.
The launch will be attended
by all six of the Commission's
landscape architects together
with representatives of major conservation bodies and leading members of the private forestry and landscape architect

Tin pact expiry 'will not affect settlement'

By Kenneth Gooding, Mining Correspondent

THE EXPIRY on June 30 of the International Tin Agreement under whose authority the International Tin Council operates - should not disturb the attempts being made to reach an out-of-court settlement between the ITC cumtries and creditors caught up in the 1985 collapse of the ITC's buffer stock operations. That was the view expressed by some dele-gates as the ITC met for a special session yesterday.

The meeting was called to consider in good time the ITC's legal position after June 30 and to ensure that it could continue to act effectively.

The current agreement has already been extended once by two years and a second exten-sion is not permitted. However, the ITC can continue to operste under Article 60 of the agreement, which covers termi-nation procedures and gives

"pretty broad" powers, according to an observer.

The ITC working party that has been trying to work with creditors towards a settlement is due to meet again in mid-June. However, the two sides remain far apart over the question of compensation. Discussions are unlikely to re-start until after the next round of litigation begins on June 12 in the House of Lords, Britain's

highest court of appeal.

The creditors claim they are owed £513m in principal and interest but have indicated they would be willing to settle out of court for about £225m. A Thai official said last week that the ITC countries were prepared to offer only £150m. ITC delegates see no pros-pect of an increase in the

£150m figure and have rejected the idea that contributions from some member countries might be used to top up the offer. Creditors suggest that those who feel they have a strong legal case against the ITC would be unwilling to set-

tle at the lower figure.

Tin producing countries were not worried about US plans to increase sales of tin from its official stockpile from 5,000 to 7,000 tonnes a year from October, said Mr Lim Keng Yaik, Malaysia's Minister of Primary Industries, yester-day. As long as the US dispos-als were carried out in an orderly way, tin prices should remain firm, he said.

+ 12,425to 91,975 Zinc Tin SRver (dz). +16,000 to 9,108,000

Denmark's farmers count the cost of borrowing

High interest rates and European Community pricing policies are signalling the end of family farms

looks more like an accountant than a farmer. Slim and dapper, he wears a goatee beard and a All prices as supplied by Metal Bulletin (last week's prices in moustache. He does, however, run one of the biggest farms in ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,850-1,900 Denmark and for the last five years has been chairman of the

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 5.90-6.20 (same).

CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, 6.50-6.80 (6.85-7.00). COBALT: European free

market, 99.5 per cent, \$ per lb, in warehouse, 7.45-7.65 (7.40-MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse,

MOLYBDENUM: European free market, drummed molyb dic oxide, \$ per lb Mo, in ware-house, 3.68-3.75 (same). SELENIUM: European free

market, min 99.5 per cent, \$ per lb, in warehouse, 6.50-7.30

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif. 51-64 (same). VANADIUM: European free

market, min. 98 per cent, \$ a lb VO, cif, 7.30-7.60 (7.40-7.70). Nuexco URANIUM: exchange value, \$ per lb, UO, 10.70 (same).

R JON KRABBE

Mr Krabbe said that he Danish equivalent of the Country Landowners' Association. His 800 acre estate is at the western tip of the island of Lolland, which is connected by bridge to the southern end of Zeeland, and two hours' drive from Copenhagen. His high-quality alluvial soil runs down to the sea where liners, submarines and merchant vessels constantly pass on their way between the Baltic and the

North Sea.

However, Mr Krabbe spends
three or four days of every week away from the farm representing the interests of his 1,200 members. In a country where the average farm is only a tenth the size of his own, it is

not an easy job. European Community poli-cies, which have pushed down the prices of most arable crops by 25 per cent over the last four to five years, are making life difficult even for big, effi-cient farmers on the best land in Denmark, he told me. Profitability has been cut to a third I got the impression, however, that Mr Krabbe's farming was still reasonably healthy,

mainly because of his success in cutting production costs. His labour, for instance, consisted mainly of students who lived in spare rooms of the enormous farm house and worked the farm under the supervision of a manager, a herdsman and

enjoyed educating young peo-ple and that was undoubtedly true. However, the students were paid about half the normal wage of farm workers in Denmark and provided they did not do too much damage to tractors and buildings, were clearly a cheaper alternative. The 130 dairy cows on the farm were kept inside virtually

all year round and were fed entirely on the by-products of other crops or industries. Sugar beet leaves from his own and his neighbours' crops formed the basis of the ration during the autumn and early winter and wet sugar beet pulp (the remains of the root after sugar has been extracted) was made into silage for use during the rest of the year.

He also collected brewers' grains (the spent shells of barley left after the beer-making process) from Karlsberg ("prob-ably the best cattle feed in the world"), waste from Denmark's highly developed fishing industhe cows would eat that was

One of the main ingredients

um, 99.7% purity (\$ per tor



By David Richardson

of his cattle feed, however, was straw from his own and his neighbours' cereal crops. Chopped into short lengths it pro-vided essential fibre; impregbecame a source of protein. His cows. he said, were yielding an average of 8,000 litres each per lactation, and given his low feed costs were clearly very profitable indeed.

But cereal straw - often an embarrassment in the UK also featured strongly in other aspects of his farming. Mr Krabbe had installed an enormous furnace to burn one tonne bails of the material to provide heat for his house, farm buildings and grain dryer. He also sold surplus bails to a nearby town where a centrally controlled community heating system was based on burning

Denmark's 80,000 farmers heat their houses in this way and

697/1642

518-20

413-4 396.5-7.0

1730-5 1625-30

that 40 Danish towns do likedo so by heavy taxes which represent 75 per cent of the price of fuel oils combined with exemption from tax for all items associated with straw

Similar fiscal incentives have led to the installation of thousands of wind-powered electricity generators whose propellers turn on towers atop almost every piece of high ground in Denmark.

This exploitation of renewable resources is of course consistent with the Green policies that are sweeping across Europe.

Denmark has been at the

forefront of such measures and farmers like Mr Krabbe are obliged to build concrete walls around their farmyard manure heaps to prevent leakage of effluent; to demonstrate that they have storage space for slurry (the liquid effluent from intensive livestock units) for up to nine months; and to spread both materials on the land only at times when it is least likely to be washed through the soil into drains

and ditches. Last year, plans to impose a tax on bagged fertilisers were discussed by politicians as a possible means of limiting It is estimated that 15,000 of 20,000 farmers on Denmark's biggest island of Jutland

demonstrated against the pro-

IN THE METALS, gold and silver

against the Dollar rally, reports Drexel

Burnham Lambert. Copper futures gained 250 points basis July following

a strong London market. In the softs

cocoa was again the most active

market with over 11,000 contracts

traded. The July futures lost 79c on

carryover selling from last week. Sugar

and coffee trading was featureless as

both closed nearly unchanged. In the

throughout the day with prices closing

biocest loss. Last week's larger rate of

ughter helped the July futures fall

160c. Hog prices sank as well with an

helped firm up the cattle's oversold condition. The energy complex railled

increase in runs noted. Short covering

mixed. The livestock markets continu

grains, sideways action was seen

ak from selling

(Prices supplied by Amalgamated Metal Trading) US MARKETS

Ring turnover 17,050 tonne

34,766 lots

74,473 lots

Ring turnover 0 ozs

10.382 lots

7,577 lots

11,162 lots

266 lots

Ring turnover 1,524 tonne

Ring turnover 7,325 tonne

Ring turnover 5,900 tonne

WORLD COMMODITIES PRICES

AM Official Kerb close Open Interes

posals and recent findings by the Economic Institute of Agri-culture have indicated that farmers are responsible for less pollution than had previously been thought.

Threats of further restrictions based on pollution allega-tions or animal welfare worries have now apparently receded. As one agricultural official in-Copenhagen put it, "perhaps the people and the Government have realised that they had better stop shooting them-

selves in the foot."

He was referring in particular to long-standing Danish restrictions on the number of hens allowed in battery cages. This left Danish poultry farmers unable to compete with those in other countries where no such restrictions existed and had transformed Denmark from an exporter of eggs to an

Nevertheless, Denmark remains the 10th largest food exporter in the world. This is remarkable for country with a population of just 5.1m. It is rhaps even more remarkable perhaps even more remarkant that this is achieved by an industry which is so heavily borrowed that in 1987, accoring to official government sta-tistics, 65 per cent of the gross profit made by farmers went to pay interest charges.

real into have fallen to 11 or 12 per cent. but many farmers - especially

those under 35 - are saddled

COPPER 25,000 fbs: cests/8/s

113.60 111.20 114.50 112.00 112.80 110.70

Close Previous High/Low

with 20-year fixed interest loans taken out to buy their farms or renew their buildings, and negotiated when rates were 18 to 20 per cent. It is estimated that up to half of Denmark's farmers only survive by becoming part-timers and taking other jobs. One who had done just that

told me he saw no future for the average family farm. His holding was 175 acres - more than twice the average for the country.

An official at the Agricultural Council, Denmark's umbrella political organisation

for farmers, forecast that by the turn of the century there would be only 30,000 farmers in Denmark — a third of them specialist pig farmers, a third specialist milk producers and the other third arable.

All of which will make the All of which will probably be welcomed by Mr Krabbe and

some of those he represents. He told me that he had always avoided borrowing money and that he would like to expand his farming enterprise.

Last week, the Danish Gov

ernment relaxed a law which for the last 12 years had estricted the ownership of land to two farms per person: It will also be permitted for limited companies to purch: farms for an experimental Danish agriculture away from traditional family farms appears to have begun.

LONDON MARKETS

AN unexpectedly sharp fall in London

Metal Exchange stocks last week got the copper market off to a strong start yesterday. The bullish impact of the 17.800 tonnes tall to 113.625 tonnes was backed up by keen buying on the New York market and by the dollar's strength, resulting in £100 rise to £1,697 a tonne in the LME's cash quotation, all but making up the decline of the previous two weeks. For the dollar-denominated LME aluminium market the dollar's strength was a bear factor, however, and prices continued last week's slide, albeit at a more modest pace. LME stocks were up sharply, by 12,425 tonnes to 91,975 tonnes, but the news was not unexpected and had little market impact. Cocoa continued Friday's reaction against the preceding strong rise and the July futures position ended £29 down at £780 a tonne.

SPU1 HARVETO		
Crude oil (per barrel FOB)		+ or -
Dubel Brent Blend W.T.I. (1 pm est)	\$15.45-5.55v \$18.00-8.10q \$19.75-9.80v	+.675
Oil products (NWE prompt delivery per to	onne CIF)	+ 01-
Premium Gasoline Gas Oil Heavy Fuel Oil Naphtha Petroleum Argus Estimates	\$239-242 \$146-148 \$89-92 \$181-183	-2 -1 + ¹ 2 +1
Other		+ or -
Gold (per troy oz) Silver (per troy oz) Pletinum (per troy oz) Palladium (per troy oz)	\$362.25 520c \$497.00 \$150.00	-1.25 -5 -8.75 -1.25
Atuminium (tree market) Copper (US Producer) Lead (US Producer) Nickel (tree market) Tin (European free market) Tin (Kuala Lumpur market) Tin (Kuala Lumpur market) Tin (New York) Zinc (US Prime Western)		-35 -20 +5 -0.18 -2.25
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	118.88p 209.91p 84.83p	-0.62° -33.90° -0.48°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price		-3.2 -2 +2
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	£104.5w £131.5q £129.25u	
Rubber (spot) ♥ Rubber (Jul) ♥ Rubber (Aug) ♥ Rubber (KL RSS No 1 Jun)	57.25p 63.75p 63.75p 260.0m	+ 1.50 + 1.50 + 1.50
Coconut oli (Philippines)\$ Paim Oli (Matayalan)\$ Copra (Philippines)\$ Soyabeans (US)	\$365 £196.0	-10.0
Cotton "A" index Wooltops (64s Super)	78.05c 617p	+0.10
£ a tonne unless otherwise c-cents/lb. r-ringgit/kg. Y-Ju x-Jun/Seo. w-Aug. z-May/J	al, u-Jun/Jul.	զ-մսռ

sion average tatatock prices. * change from a

week ago. VLondon physical market SCIF Red

OCOA	£/tonne				LONDO	ATEN N	L EXCHA	ΗÇΕ
	Close	Previous	High/Low			Çlose		revi
lay	765	807	799 760		Akımink	an, 99.79	6 purity (\$	per l
uľ	780	809	810 770		Cash	2120-		130-
ep ec	794 842	817 856	813 786 846 830		3 month:			990-
ec lar	846	853	846 B34		Copper,	Grade A	(£ per ton	_
lay	848	854	846 840		Cash	1696-		596-1 606-1
ut	861	870	860 850		3 month			
			1 10 tonnes	. o-IL-			fine cunce	
			s per tonne) (33.94) :10 da		Çash 30 June	514-7 517-2		19-2 23-6
		63.61 (958.)		,	2) bead			
OFFE	£/tonne				Cash	409.5		14-6
	Close	Previous	High/Low		3 months	s 395-6	3	97-S
ley	1205	1279	1215 1190		Mickel (\$	per ton		
ly:	1212	1208	1218 1204		Cash	12400	-500 1	2550
ер	1180	1171	1182 1162		3 months			2150
kov an	1151 1155	1148 1148	1153 1137 1148 1139			eciel Hig	b Grade (S	per
lar	1155	1150	1144		Cash	1710-	20 1	750-
lay	1155	1150	1144 1139		3 months			840-
		198) lots of				er tonne		
			mts per pou		Cash 3 months	1590- s 1540-	600 1	620-1 560-1
Jary 2163 Vierzinie	116.54 (1	CBURY 137.73 116. 2 80	5 (117.20) .	15 GBY	O DECRETE	3 1240-	<u> </u>	-
	(S per tor						•	
şw.	Close	Previous	High/Low		POTATO	NES Enter		_
ug. Ict	248.20 248.40	249.20 250.00	251.40 246.8 251.80 248.8			Close	Previous	His
ec	247.00	249.00	245.00		Nov	103.0	101.0	10;
ler	242.00	244.00	244 20 242.0	10	Feb Apr	118.0 177.3	116.0 180.0	180
lay	241.60	242.80	243.00 242.0	<u> </u>	May	191.0	193.0	190
/h/te	Close	Previous	High/Low		Turnove	437 (42	2) lots of 4	10 to
ug	340.50	340.00	342.00 339.0					
ct ec	320.50 313.00	321.00 311.50	322.50 318.5 315.00	10	SOYABI	EAN ME	AL E/tonne	_
lar	300.50	301.00	303.00 302.0	10		Close	Previous	Hit
lay	299.50	299.00			Aug	148.00	148.50	149
υg	298.50	298.00			Oct	149.50	148.50	149
	r. Raw 4 74 (1343).	1413 (3452)	iets of 50 1	tonnes.	Turnove	72 (96)	obs of 20 t	onne
		per tonne):	Aug 2310 Oc	± 2181,		٠.		
			45 Aug 2030.		====			
	OSL S/bai				PREMI		RES \$10/In	_
-			- 15-6-5-			Close	Previous	Hrs
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1	17.55		17.55 17.	37	Jul	1362	1375	136 145
υg Έinde	17.24 x 17.31	17.01 17.58	17.24 17,	11	Oct	1452	1452	
					Jan Apr	1474 1505	1490 1535	147
	r: 5680 (5	201)			Jui	1323	1330	
AS OT	L \$/tonne				<u>BFI</u>	1626	1667	
	Close	Previous	High/Low		Turnover	334 (28	5)	
អា	144.00	143.75	144.75 144,0					
il	142.25	142.25	143.00 142.0		GRAINS	Channe		
ug	142.25	141.75 142.25	143.00 142.0		Wood		Draw-	20.
ap et	142.50 144.26	142.25	143.00 142.5 144.50 144.2			Close	Previous	Hig
DA Pr	145.00	145.00	146.00 145.0		Jun Seo	112.30 105.20	112.20 105.00	111 105
BC	146.00	146.00	146.75 145.5		Nov	107.65	107.35	107
ILLIONE	2102 (28	23)lots of 1	00 tonnes		Jen	110.65	110.40	110

May Jul	848 861	854 870	846 840 860 850	Cash 3 month	1696- 15 1696-		596-8 606-7	10
			f 10 tonnes			fine ounce)		_
ICCO In	dicator p May 28	rices (SDR 1002.85 (10	s per tonne). Daily (33.94) :10 day aver-	Çash 30 June	514-7 517-2		19-22 23-6	
		63.61 (956.)	78)	2) bead	bet souve	2)		_
COPFE	Close	Previous	High/Low	Cash 3 month	409.5 s 395-6		14-6 97-8	41
May	1205	1219	1215 1190	Hickel (S per toni	18)		_
Jly	1212	1208	1216 1204	Cash	12400		2550-750	13
Sep Nov	1180 1151	1171 1148	1182 1162 1153 1137	3 month			2150-300	12
Jan	1155	1148	1148 1139			b Grade (S		_
Mar May	1155 1155	1150 1150	1144 1144 1139	Cash 3 month		20 1	750-80 840-5	10
		198) lots of			per tonne			
May 26:		dally 117.7	nts per pound) for 5 (117.20) . 15 day	Cash 3 month	1590- s 1540-		520-30 560-70	16
SUGAR	(S per tor	106)						
Rew	Close	Previous	High/Low					
	248.20	249.20	251.40 246.80	POTATI	OES Ertor		10 1 2 12	
Aug Oct	248.40	250.00	251.80 248.80		Close	Previous	High/Low	_
Dec	247.00	249.00	245.00	Nov Feb	103.0 118.0	101.D 116.0	102.0 99.5	,
Mar May	242.00 241.60	244.00 242.80	244 20 242.00 243.00 242.00	Apr	177.3	180.0	180.0 174.5	
White	Close		High/Low	May	191.0	193.0	190.1 188.5	<u>, </u>
		Previous		Turnove	# 437 (42	2) lots of 4	O tonnes.	
Aug Oct	340.50 320.50	340.00 321.00	342.00 339.00 322.50 318.50					
Dec	313.00	311.50	815.00	SOYAB	EAN ME	\$£ €/tonne		_
Mar	300.50 299.50	301.00	303.00 302.00		Close	Previous	High/Low	_
May Aug	299.50 298.50	299.00 298.00		Aug	148.00	148.50	149 00 148.	00
		413 (3452)	icts of 50 tonnes.	Oct	149.50	148.50 obs of 20 to	149.50	
	4 (1343).	ner Innaels	Aug 2310 Oct 2181,	1 CO TICHE	n 12 (30)1	02 0 20 u	A 11499.	
			45 Aug 2030.					
				FREGR	ונידטין דו	128 \$10/Inc	des point	
CHUDE	OSL S/bai		 		Close	Previous	High/Low	
	Ciose	Previou	s High/Low	May	1681 1441	1675	1671 1670	
Jul	17.55	17.26	17.55 17.37	Jui Jun	1362	1463 1375	1452 1437 1362 1351	
Aug IPE Inde	17.24 x 17.31	17.01 17.58	17.24 17,11	Oct	1452	1452	1453 1450	
				Jan Apr	1474 1505	1490 1535	1475 1470 1492 1490	
	: 5680 (5	201)		Jui	1323	1330		
QAS OR				BFI	1626	1667		_
Jun	144.00	Previous 143.75	High/Low 144.75 144,00	lumove	r 334 (28	b)		
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Aug	142.25	141.75	143.00 142.00		Litonne			
Sep	142.50 144.26	142.25 143.75	143.00 142.50 144.50 144.25	स्वत्य	Clase	Previous	High/Low	
Qet Nov	145.00	145.00	146.00 145.00	Jun Sep	112.30	112.20	111.85 111.	
Dec	146.00	146.00	146.75 145.50	Nov	105.20 107.65	105.00 107.35	105.20 105.1 107.55	19
Turnover	2102 (28	23)lots of 1	00 tonnes	Jen	110.85	110.40	110.65	
JUTE		/ Durd		Barley	Close	Previous	High/Low	
			C and f Antwerp	Sep	103,46	103.35	103.40 103.	35
			\$430, BTD \$440,	Nov Jan	106.25 109.20	106.20	108.40 105.	
				Mer	112.00	109.15 111.90	109.30 109.3 112.00	20
·			- 1				arley 102 (61	_
Liverpo	ol-Spot a	und shipme	nt sales for the to 880 tonnes	Turngye	lots of	100 tonnes.	ancy 102 (01	-μ
			revious week.					
Trading	was of a	a fairly high	i dnejy∧ with	PIGS (C	ash Serile	ment) p/kg		
		S involved			Close	Previous	High/Low	_
HUCING!	uð ralgelt	, rrest Airic	can and Mexican.	Oct	112.5	112.5		_
Ι.			4	Nov	113.5	113.0		
L					T TU (0) k	ts of 3,250	kg	

7 W 1520	1300-0		1320-3		ru,Jo	3 RC4
	LONDON BU	шю	H MAI	RKET		
	Gold (fine oz)	5 prk	CE .	3	equiv	elent
 .	Close Opening Morning fix Alternoon fix Day's high Day's low	362.1	-362 } 0 0 -363	, 2	32-232 30 ¼ -2 31.005 31.522	314
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	Coins	\$ pric	29	3	ednya	alent
_	Mapleleat	373-3	78	2	39-242	
	Britannia US Eagle Angel Krugerrand	373-3 373-3 373-3 361-3	78 78	2	39-242 39-242 39-242 31 ¹ 2-2	
_	New Sov.	85 ¹ 2-	861 ₂	5	44.55	¹ 2
	Old Sov. Noble Plat	85½-	85½ 5-507.1		43, 55 18.70-1	
				- •		
	Silver fix	p/fine	0Z	U	\$ cts	eculy
	Spot	332.8	0	5	21.85	
	3 months	344.54 358.4			34.70	
	6 months 12 months	379.4			47,45 72,90	
	LONDON ME	AL E	CHA	IQE TR	ADED	ОРТЮН
	Alucalnium (9	3.7%)	C	alis		Puts
	Strike price \$	tonne	Jui	Sep	Jul	Sep
	1900		200	131	21	67
	2100		83	48	93	180
	2300		23	14	231	340
	Copper (Grad	e A}		elis		Puts
	2450		204	214	18	68
_	2550 2650		131 76	156 110	44 88	107 158
						130
	LONDON FOX	THAI				
	Coffee		Jul	Sep	Jul	Sep
	1150		78	90	18	52
	1200 1250		47 20	56 38	37 60	78 110
	Cocco		Jul		 -	
	-		Jui	Sep	ايرا	Sep

on scattered buying with heavy July/ August switch activity noted.				
Ne	w Y	ork		
GOLD	100 tray	os: Sitroy o	7 .	
	Close	Previous	High/Los	-
Jun	365.7	365.9	386.8	363.7
البال	367.0	367.6	0	0
Aug .	369.7 373.7	368.7 372.6	370.5 374.0	366.5 370.3
Dec	377.8	372.5 376.5	377.9	370.3 373.8
Feb	381.8	380.4	378.6	378.1
Apr	386.0	354.5	384.0	\$82.D
Jun	390.1	388.6	387.5	386.2
Aug	394.2	382-7 ·	. 0	
PLATE	HEURM 50 t	roy 02; \$/tro	y oz.	
	Close	Previous	High/Lov	·
Jul	\$03.6	601 <i>3</i> *	505.4	496.5
Oct	604.4	502.5	508.0	496.5
Jan	506.1	604.7	20370	501.3
Apr Jul	509.6 514.3	508.2 -512.9	505.0 0	505.Q. Q
				_
SOLYE		'dy dz; cent	Agos or	
	Close	Previous	High/Los	
Jun	523.0	525.5	521.5	520.0
لياف	526.0	530 ,5	528.5	523.6
Sep	537.1	539.6	537.5	532.0
Dec Jan	549.6 563.5	552.2 556.1	550.5 550.0	544.Q 650.0
Mar	582.0	584.7	553.D.	557.0
May	571.0	0	570.0	585.D
آليال	579.5	582.5	577.0	577.0
Sep	588.5	591.5	٥	Q
11100	CES	-		7
REU	TERS (Ba	se: Septem	ber 18 193	1 = 100)
1	May 1			o yr ago
1-		2005.6	2018.6	1806.7
1			20:0.0	

DOW JONES (Base: Dec. 31 1974 = 100)

Seb	112.60	11070	1 14.20	11240	_	~~~	Liden
Dec	111.70	110.20	113.00	111.90	Jul	717/0	711/0
	•			-	Aug	686/5	691/4
CRUD	E OL (Lie	Hd) 42,000 L	الا والدو څا	berrel	Sep Nov	650/4 632/4	862/4
_	Latest	Previous	High/Lov		Jan.	640/8	648/2 654/2
					Mar	645/4	863/4
Jul Aug	19.85 18,87	19.52 18.72	18.87 18.68	19.4 8 18.63	May	652/0	671/0
Sec	18.40	18.36	18.41	18.25	ᄺ	652/0	668/0
Sep Dec	17.64	17.77	17.80	17.80	SOYAL	BEAN OIL	80,000 H
Jan Feb	17.50 17.40	17.60 17.60	17.64 17.62	17.64 17.45		Close	Prevk
Mer	17.33	17.42	17.45	17.45	Jul	21.50	21.86
					Aua	21.71	22.04
LINE A.T.		2,000 US ga	No	<u> </u>	Sep	21.88	22.22
THE STATE OF					Oct Dec	22.00 22.36	· 22.30 22.71
<u> </u>	Latest ·		High/Lov	<u> </u>	. Jago	22.42	22.80
)ten	4945	· 4920 · ·	4980	4926 -	Mer	22.75	23.17
Jul Aug	4810 ·	. 4807 4832	4825 - 4850	4770 4790	May	22.80	23.25
Sep	4900	4997	4906	4870	SOYAL	BEAN ME	AL 100 b
Oct	4975	4967	4980	4935		Close	Prevk
Nov Dec	5035 5105	5027 5107	5050 5110 ···	5010	. Jul .	211.1	209.6
Jan	5130	5127	5130	5075 · 5105 -	Auc	205.6	205.4.
					Sep	197.7	199.2
					Oct.	189.2 187.0	193.0 190.6
COC	DA 10 tons	es:\$/tonne			- 160	186.0	188.5
	Close	Previous	High/Los		- Mar	185.0	186.7
Jul	1141	1220	1189	1120	May	182.5	188.0
Sep	1186	1215	1194	1138	MAIZE	5,000 bu	min; cer
Dec	1191 1198	1225 . 1228	1204	1155		Ciose	Previo
May	1207	1233	1206 1207	1180 · 1185 ·	Jes	261/6	264/2
Jul	1223	1250	1219	1200	Sep.	240/6	240/4
Sep	1238	1271	1253	1238	Dec. Mar	235/0 243/0	240/2 245/0
		•			May.	246/4	. ()
COFF	TE -C 37	,500lbs; co	nte/ibe .		- 36	247/4	251/4
_	Close	Previous	High/Los		_ Sep Dec	235/4 233/4	242/0 238/0
Jul	134.76	134.78	134.90	182.00		7 5,000 bx	
Sep	128.25	128.62	128.30	- 128.50			
Dec	123.80	124.56	124.50	123,45		Close	Previo
Mer Mey	123.60 122.00	. 123.75 122.50	125.80 122.70	122.00	Ĵul.	361/0	398/4
ألال	121.50	122.50	6	122.55 0	Sep Dec	396/4 409/2	400/0
Sep	122.00	124,25	Ō	0	Mar	415/0	418/4
SUQ	R WORLD	117 112.0	00 fbs; ce	ts/ibe	May	404/0	405/0
•	Close	Previous	High/Lov		- <u>-</u>	370/4	399/4
Jul	11.08	11,14	11.26	11.00	LINE	ATTLE 4),000 lbs;
Oct	11.10	11.21	11.32	11.00		Close	Previo
Jan	10.75	11.16	11.00	11.00	Jan	88.70	68,77
Mar May	10.86	10.90	11.00	10.78	. Aug	86,85	68.37
Jul	70.83 - 10.76	10.90 . 10.85	10.97	10.80	Sep	68.40	66.30
Oct	10.61	10.60	0.	Ø	Oct Dec	68.80	68.67
COLL	ON SO COO	cents/lbs	-	•	Feb	70.00 70.40	.70.27 70.85
					Jan .	70.25	70.70
	Close	Previous	High/Lov	7	- LINE H	IOGS 30,0	
Jul	67.95	67.57	67,95	67.26			
Cet Dec	69.05 68.83	68,95 68,45	69.15	68.61		Closs	Previo
Mar	70.20	70.00	69.65 70.20	69,25°°° 69,90	141 142	47.27	47.60
May	70.48	70.33	70.50	70.00	·· Aug	46.55 44.30	47.15 45.07
dui.	70.60	70.45	70.80	70.00	Cot	41.12	42,02
Oct		69.40	<u></u>	0	Dec	43.57	44.52
ORAN	GE JUIÇE	15.000 lbs:	cents/lbs		Feb	45.35	48.00
	Close	Previous			Apr Jun	43.50 . 47.00	. 44.00 . 47.40
Jul .	185,40	185.35					
Sep	180.50	179.75	186.50 - 181.40	183.75 179.26			
Nov .	166.80	166.75	167.75			Close	Previo
Jan Mar-	162 <u>,26</u> 161,75	183.05	163.00	168.10 182.00	Jts	29.47	. 31.07
May	161.75	162.50 ·· 161,95	162.05 °	√161.90 ⊶ 0		29.80	31.17
					Fee	47.32	48.35
Jui	161.25	161.95					
			0	0	Mar. May	46.70	48.00
Jui	161.25	161.95	0	9	Mer.		

<u>_</u>	Ch	icag	•		
i.40 -	30YA	EANS 5.0	000 bu min; o	sents/80th b	mhei
L00 L40		Close	Previous	High/Low	20.701
.90 ·	Jul	717/0	711/0 .	718/0	698/4
	Aug	599/5 650/4	891/4	680/4	679/D
4	Sep Nov	632/4	662/4 648/2	655/0 637/0	646/4 628/0
<u></u> .	Jan . Mar	640/8 645/4	654/2 868/4	843/0 651/4	636/0
48 83	May	652/0	671/0	658/0	645/0 661/0
25	Jul	652/0	668/0	656/0	652/0
BQ B4	SOYA		60,000 lbs;		
45 45		Close	Previous	High/Low	-
	ᄺ	21.50 21.71	21.86 22.04	21.60 21.81	21.26 21.48
žis .	Sep	21.88 22.00	22.22 22.30	21.98 22.10	21.68
	Dec	22.30	22.71	22.53	21.80 22.11
26 -	Jan Mar	22.42 22.75	22.80 23.17	22.75 22.98	22.35 22.70
70 30	May	22.80	23.25 .	22,75	.22.85
ro	SOYA	BEAN ME	AL 100 tons;	\$/ton	
15 10	- -	Close	Previous	High/Low	
75 ·	Jug Aug	211.1 205.6	209.6 205.4	212.0 · - 206.3	205.6 201.0
-	Sep	197.7	199.2	199.0	195.0
	Dec	187.0	193.0 190.6	190.0 188.0	186.5 184.3
<u>:</u>	Jen Mer	186.0 186.0	189.5 186.7	188.0 186.0	184.0 183.0
	May	182.5	188.0	182.0	183.0
20 38	MAIZ	E 5,000 bu	min; centa/	60b bushel	
56 80 85	<u></u>	Ciose	Previous.		
85	Jul Sep.	261/6 - 240/6	264/2 240/4	262/0 241/8	258/4 238/0
00 38	Dec.	235/0	240/2	235/4	232/4
	Mar May.	243/0 246/4	245/0 . 0	243/4 247/4	240/4 245/4
	Jul Sep	247/4 238/4	251/4 242/0	248/4	_ 247/4
	Dec	233/4	238/0	237/0	0 233/4
200	THE	T 5,000 ba	ı min; cents/	60tb-bunkei	
6.50 3.45		Close	Previous	High/Low	
2.00 2.55	Jul Sep	391/0 396/4	398/4 400/0	392/0 398/0	388/2
 	Dec	409/2	419/2	411/4	396/0 408/0
	, Mar May	415/0 404/0	418/4 406/0	416/2 404/4	413/4 400/0
<u> </u>	Jul	370/4	399/4	371/4	365/0
 _	LIVE	ATTLE 4	,000 lbs; cer		
. 00		Close		·· High/Low	· · ·
.00 .78 :	Aug Jun	86.70 86.85	68.77 68.37	60,10	66.50
.80	Sec :	68.40	66.30	66.97 66.80	66.17 66.40
	Oct Dec	68,80 70,00	65. 57 70.27	09.32 70.50	68.47
	Feb Jun	70.40	70.85	70.75	69.70 70.00
		70.25	70.70	70.25	70.25
26	LOTE		00 lb; cents/		
.81 .25	- Ann	Closs	Previous	High/Low	
90	9A)	47.27 46.56	47.60 47.15	`47.70 47.40	47.00 46.35
00 00	Aug Oot	44.80	45.07	45.50	44.25
	Dec	41.12 43.57	42.02 44.52	42.30 44.52	40.97 43.30
٠. ٠	Feb Apr	45.35 43.50	48.00	46.05	45.30
	Jun		44.00 ·· 47.40	48.50 · 47,40	42.95 46.95
3.76	PORK		40,000 fbs; c		
9.26 3.10	. `	Close	Previous	High/Low	
2.00	Jus	29.47	. 31.07	31.00	29.25
.90.⊍ 		29.80 47.32	31.17 48.35	31.17	29.35
	Mar.	46.70	48.00	48.25 47.66	46.80 46.60
	May	34.32	47.70	0	0

Share prices hit by fall in sterling

A SLUGGISH London stock market ran into trouble at the close of yesterday's session when a sharp dip in the sterling axchange rate drove the FT-SE Index down to test its current support level. Equity turnover was relatively light, however, as not all City securities traders managed to return to their desks after a fine Bank to their desks after a fine Bank Holiday weekend.

Holiday weekend.

The strength of the dollar, in the face of intervention by central banks as well as the widely-predicted rise in the Japanese discount rate, enabled some dollar earning stocks to edge higher in London. How mid-morning fall of more than ever, the broad range of the ten points when London equity market was unsettled money market rates seemed to

Account Dealing Dates
First Dealings: Jun 5 Jun 19 jun 15 Jun 29 Ann 26 "New Here dealings hear twice place from 2.00 cm two Resistant days deriver

and finally depressed by the danger that sterling's weakness might provoke a further like in UK base rates.

The FT-SE Index was in negative transfer the ative territory throughout the session, but rallied from a

movements." For 1990 the BZW

analyst has increased his fore-cast from £500m to £584m; his

figure for 1991 is £555m.

C & W have been one of the market's most active stocks in

recent weeks, with the impetus from foreign exchange markets offset over the past week by worries triggered by events in Peking and Hong Kong. C & W's preliminary results are expected on June 14 with Pan-

mure Gordon going for pre-tax profits of £426.5m against last

TV Times acquired

Reed International's acquisi-tion of the UK television list-ings magazine TV Times for

£113m (excluding a £10m pre-sale dividend and further roy-alty payments) received a cau-

tious welcome in the market —
"I think that it's a very reasonable price, but it does reflect

the uncertainties surrounding

the monopoly on television list-

ings that TV Times currently

lysts believe that prefits from the 3m circulation magazine

will suffer when the Govern-

ment, as looks increasingly likely, allows other publica-

tions to list British television

However, in light of the pur-chase BZW has increased its forecast of Reed profits for the

coming year by £12m to £300m, but for the moment the brok-

ing house will not be changing

its present recommendation to investors to hold the stock. At

the close Reed were up 1 at 386p on turnover of 1.8m

Drexel Burnham Lambert

were said to be buyers of BAT

ADRs late on Friday and the

stock opened up 10 yesterday. Business picked up and the stock held on in the dismal

market to close up 8 at 566p. "The rise was due to US cur-

rency arbitrageurs," said Mr

Paul Burke, analyst at Klein wort Benson.

spread weakness in equities. The resolute showing was,

according to dealers, prompted

by the slightly better closing trend in crude oil prices which edged up ahead of the full

The oil and gas sector held

has with Radio Times."

schedules.

remain impervious to the renewed setback in the sterling exchange rate. However, the Index fell again smartly later when a fresh dip in the pound took money market rates

above the 14 per cent mark.

At its final reading, the FT-SE Index showed a fall on the day of 10.3 to rest exactly on the support level of 2,130 which had twice been broken during the exercise. The trading during the session. The trading pace quickened in the final hour, lifting the day's Seaq volume to 458.4m shares compared with Friday's 463.1m. "I don't know why the equity market is holding up so well," said Mr Bob Semple of County

NatWest WoodMac as he sur-

FT-A All-Share Index

Equity Shares Traded

400

Apr

well below the 11m and

Once again it was British Gas that topped the turnover list, although yesterday's 6.5m

19m figures recorded last Thursday and Friday. Gas

shares settled a fraction harder

at 175p as the recent hig deals in the stock were tidied up.

by the oil team at BZW helped bolster BP and Shell. BZW has

lifted its forecast for BP by

£100m to £1,440m and for Shell

by £175m to £3,825m, on a replacement cost basis, and

reckon there is the potential

for 10 per cent to 15 per cent

upside in the majors. BP remains the BZW favourite

reflecting the oil company's

"high gearing to oil prices and the strong dollar."

The "State of siege" declared by the authorities in Argentina prompted another bout of ner-

vousness in the banking sec-

tor. Midland, perceived to have

the biggest exposure to Argen-

4 to 337p, Barclays 6 to 447p and NatWest the same to 589p.

Scrimgeour Vickers said an

increase in loan provisions from current levels of around

The banks team at Citicorp

Profits upgradings instigated

Turnover by volume (million)

1100

veyed the equity market at the end of the session. The renewed weakness in sterling has unsettled an equity market still coming to terms with last week's increase in UK base rates to 14 per cent. Whispers that rates might have to be raised again if the pound fell further were subdued last week by the relative steadiness of London money market rates. However, the whispers grew

louder yesterday.

At Warburg Securities, Mr
Ian Harwood outlined a broadly concensus view: "The UK Government will probably be very reluctant to lift rates again so soon. However, if the pound continues to fail, people

level, the maximum of the Bank of England's matrix, by the big-four would cost Mid-land some £133m, Lloyds

around £83m, Barclays £47m

sadly lacking in turnover,

according to one dealer. But Sedgwick provided plenty of interest early in the session fol-

lowing better than expected

first quarter figures. Sedgwick

Magnet shares extended last Friday's weakness, retreating a further 17 to 280p amid fears

that the management buy out

may well be in serious "With-

out the bid, which closes on June 9, the shares will almost

certainly drop to something like 240p," said one dealer. Anglia Secure Homes

slumped to 239p immediately following news of the resigna-tion of Mr J.D.Moonie, one of

the founder directors of the

company and the owner of 340,000 Anglia shares; but the

shares subsequently rallied to close a net 31 off at 245p as it became apparent that Mr moonie resigned because of his

association with another com-

pany soon to join the USM.

Angha's interim figures are

expected on Tuesday. Stores remained in the dol-

drums, although there were

two bright spots in Marks &

Spencer, up 21/2 at 1881/2p, and Etam, up 3 at 184p. Shortages

of stock were thought to have

been behind both gains. Going with the trend, Burton dropped 10 to 217p after a month of

rises, Ward White slipped 7 to 302p on the lack of bid news, and Next lost 4 to 144p. King-fisher fell 4 to 144p after a visit

to County NatWest WoodMac ended with the broker trim-

ming its forecast for 1989/1990

profits to £200m. Analyst Ms

Joan D'Olier blames continu-ing poor diy and electrical sales for the downgrade.

Among second liners Euro-pean Home Products tumbled 33 to 169p after a warning from the community that mosits for

the company that profits for

"significantly below" last

British Telecom extended

their recent slide, closing a fur-

ther 3 off at 257%p on what

traders described as pretty meagre turnover of 3.7m

shares. The market was unset-tled by persistent talk of 13 per cent wage claims by the engi-

neering trades unions. Tele-

com's preliminary results are expected on Thursday with Mr

Robert Pringle at Hoare Govett forecasting pre-tax profits of £2.5bn compared with last time's £2.3bn.

There were hints in the mar ket that the figures could be accompanied by news of price increases to be put in place

after the constraints on call charges are lifted in July. A figure of 4 per cent on call

charges was mooted in the

The insurance areas were

and NatWest £35m.

or even 16 per cent hase rates," he said in his Global Strategy Weekly, stressing that sterling "looks highly exposed".
Nonetheless, there was ready support yesterday for a batch of special situation stocks.

should not rule out 15 per cer

Among currency-orientated shares, BAT Industries and Reuters strengthened while ICI, benefiting from the falling sterling/DM rate, continued its advance. An increased bid from Isosceles brought heavy trading in Gateway, the food retailing group.

market with another analyst talking of perhaps only 1 per cent on call charges and possi-bly as much as 10 per cent on line rentals.

recent high-flyer Racal Elec-tronic marked time with a minor decline at 495%p on

news that let securities, run by Sir Ron Brierley, the New Zealand entrepreneur, was making a tender offer for the sale of its 29.2 per cent holding in Molins, added to recent weakness, left the shares a further 3 lower at 2000. There was however exident

A press report that Vickers might bid for Astra Holdings seemed to be ignored by the

its, and eps sharply better at 36.3p against 13.8p. There had been no speculative buying ahead of the figures, complained one dealer. The shares ran up 30 to 297p. Profit takers in British Aero-

Amstrad fell back below the 100p mark, ending the day 3% off at 97p on L3m, while whis-

355p. News that IEP Securities,

200p. There was, however, said to be little selling pressure. "Marketmakers with stock are

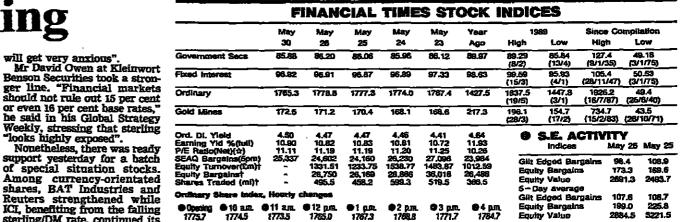
Dealers were caught by sur-prise when William Cook posted doubled full-year prof-

Some aggressive profit-taking lowered STC 12 to 36/p on turnover of 1.5m shares while

pers of further stakebuilding by Swiss arbitrageurs, possibly associated with Doctor Tettamanti who is said to speak for some 8.7 per cent of Unitech, helped the latter improve 4 to

trying to find a level," said one dealer.

market. The former slipped 7 to 207p and the latter lost 3 to 166p. "It wouldn't fit in with Vickers' strategy," said an ana-



DAY'S LOW 1763,5 London Report and latest

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.



space combined with the negative market-wide sentiment. BAe fell to 666p before closing a net 14 down at 668p.

DAY'S HIGH 1775.7

Jaguar touched 344p before recovering to 347p, still a net decline of 10%. Friday's excitement over suggestions of a bid from Ford gave way to the realisation that nothing would happen in the short term. Dealers were confident that the flurry would have a lasting effect. "The trading range used to be 290p to 320p, now it's 320p to 350p," said one senior

dealer.

After hanging on to 90p last week, described then as the support level, British Steel succombed to downward pressure and shed a penny to 89p in moderate volume.

Kleen-E-Zee, which last week plummeted on figures, recov-

ered on renewed suggestions that the company might agree to be taken over. Similar talk stimulated buying earlier this year when the price was more than £3, said a dealer. There was also a shortage of stock; in London. "some investors hold shares

bought at 550p in a rights issue," said a dealer. "And they are hanging on."

Lyon and Lyon said that it was in bid talks and the price duly jumped 37 to 330p.

A B Foods added 2 at 353p following news of an increased offer for Gateway, the super-

market group in which ABF has a 15 per cent interest. Acatos & Hutcheson, the edible oils manufacturer, dropped 15 to 200p after reporting half-yearly profits of £1.1m, against £6.9m at the same stage last

Eurotunnel Units firmed another 72 to 1149p while the Warrants climbed 7 to 894p. French buying was again said to be behind a stock shortage

News that Mr Mike Luckwell, once MD of Carlton Communications, had raised his stake in WPP to 5.04 per cent boosted the latter by 23 to 673p. Dealers pointed out that there was also an element of recovery in the rise: the shares' decline since touching 763p in March was partly a reaction to its \$864m bid for the New York-based Ogilvy Group, now proceeding smoothly.

Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 26

Direct deals in Gateway

Attention switched back to the food retailing sector after laps-celes increased its offer to 210p-a-share for supermarket group Gateway. The news sent Gateway shares to a high of 208p, before settling back to close up a net 7 at 204p. Although the new terms, which values the group at £1.87bn, had been widely anticinated by the market, many dealers were unhappy with the way in which the news was initially transmitted to the

For eight minutes the Stock Exchange incorrectly listed the new offer on the screens as 201p, which created confusion and a huge backwardation in the price with some traders aware of the mistake. To cap a bad day for dealers, although Isosceles doubled its 4.9 per cent holding in Gateway, the 47m shares were bought outside the market with broker Panmure Gordon picking up the stock direct from institutions. Hence, marketmakers did not participate in the bulk of the total 104m Gateway shares traded during the day. As for Isosceles' final offer there was a feeling that it could prove conclusive. The

market is not expecting a third party to make a higher bid. say analysts, and it is thought likely that Mr Garry Weston of AB Foods, who owns 15 per cent of Gateway, and other institutional shareholders will accept 210p cash, or the alternative of 195p plus 15p-worth of Isosceles units. "It is a very serious offer, and it appears as if it could be enough at this stage," concluded. Mr. Bill: Myers, analyst with Henderson and Crosthwaite.

Cables busy

22 C-800C-70 FXCD

" × -: 3 %

Cable & Wireless (C & W) won the accolade for the highest turnover among front-line electronics/telecoms issues with some 7.5m shares traded. The shares were strongly supported all through the session, eventually settling a net 3 up at 558p with dealers and analysts noting the latest strength of the dollar.

Mr Jack Summerscale, elec-tronics analyst at BZW, has raised his profits forecasts for C&W after the recent fall in the dollar/sterling rate from around \$1.70 to \$1.60. "Cable & Wireless is a dollar stock," said Mr Summerscale, "There are automatic upgrades when the dollar performs strongly, and this is a technical change to allow for the exchange rate

Mr Ian Gibson is to take over as managing director of NIS-SAN MOTOR MANUFACTUR-

ING UK, the car assembly sub-sidiary of Nissan Motor of

Japan, writes Kevin Done, Moior Industry Correspondent. Mr Gibson (42) has been the driving force behind Nissan's development of a 200,000 cars-

a-year assembly plant at Sun-derland in north-east England, the first car plant to be built

by a Japanese vehicle maker in

He joined NMUK in 1984 as purchasing and production control director following a 16-

year career with Ford in both the UK and West Germany. He was programme manager for the Ford Escort and Orion car

lines responsible for produc-tion in Halewood in the UK,

Saarlouis in West Germany and Valencia in Spain.

Nissan is investing around 2810m in the Sunderland plant, one of the biggest inward investments ever made by a Japanese company in West

Europe.
Mr Gibson was appointed deputy managing director of NMUK in 1987 and will take

over as managing director next

West Europe.

Briton to be managing

director of Nissan UK

meeting of OPEC ministers in 40-45 per cent to the 60 per cent

Agril HEARS (140).

AMERICAMS (35) CANADIANS (4)
Asiamerica. Bow Vathey, Corona, Hudson's
Bay, Inited Gass, Bullandos (2) Douglas
(Robe M), How Grp., CHEMICALS (5)
STORES (1) Benhalis. S. ELCTRICALS (5)
EMGINEERING (7) FOODS (5) Bensons
Crippe, Bo-locolates, Gestewey, BEUSTRAM
(29) Adis-Laval, Berry Welmuliker, Baster
Intl., Benpak, Boot (Henry), CSR, Capari
Intl., Carbo, Eurohunnel Units, Do. WirmtsExpansel Intl., Fruil Tech., Caffon,
Hundley-Walfor, Herson 4-1pc Pt., Hawthol
Lesile, Hunling Assoc., Na-Swift, Roids
Notan, Schimbhinger, Securitor, Do. A'
N-Vag., Security, Toye, Unitedes, Smithkiline
Backman, Toye, Unitedes, Smithkiline AMCE (7) LEISURE (6) hum Motors, Lyon & S (2) News Ind. Spec. PERS (4) Barker

duces commercial vehicles and

automobile engines.

Mr Gibson is to be replaced

as deputy managing director by Mr Toshibiko Sekine, NMUK engineering director

since January 1986. There are now only three Japanese mem-bers of NMUK's 37-strong man-

Mr Gibson was one of Nis-

san's first recruits from the European motor industry fol-

1984 that it intended to build a car plant in the UK.

He has been instrumental in speeding up Nissan's pro-gramme for localising the sour-

gramme for focusing the sour-cing of components in response to the regid rise in the value of the yen, and has played an important role in bringing for-ward Nissan's original produc-

waru Missan's original produc-tion plans by two years.

The first Nissan Binebird rolled off the Sunderland assembly line in 1986 and the 100,000th car was produced early this year.

lowing the announcement

nt team.

Moore, TRUSTS (15) OR.5 (8) MINES (2)
De Beers DL, Minorco, THIRD MARKET
(2) Ivernis West, Medirace.
MEN LOWS (38).
SRITISH FUNDS (3) Exch. 10¹4 pc Cv. 39,
Tr. 10pc Cv 30, Tr. 13pc 50, INT. SAME's COVERS GOVT. STLE, ISSUES. (2) Australia 11¹3 pc Ln. 2015, Do. 13¹4 pc 2010, STORES (3) Seath (4) "A". Euro Homes Prods., Usher (Frank), ELECTRICALS (4) Ferrari Hdgs., NR. Telaconom, Optim Grp. Presbudger (1) Molins, FOQUS (2) Hugh FOO, MINTERS (1) REJUSTRUALS (5)
Cannon St. Irva., Dolphin Pack.
(Capagrange, Metal Cossures, Willia, 285URANCE (1) Abboy Life, PAPERS (2)
Brenning, Floton, PROPERTY (1) Sallipars (UK.), TEXTRES (2) Leeds Co., Paime, BERTHARD FIGURE, PROPERTY (1) CHIMPAN (E.K.), TEXTRLES (2) Leeds (2). Palme, TRUSTS (3) Brit 8 Cornes, Priver 8 More. Stapel, P.L. Stem Fd., OH.S (1) Meridian () TRUSTS (1) Mores, IMPRES (5) GM

NEW HIGHS AND LOWS FOR 1989

APPOINTMENTS

director. He was with Haines Watts. Mr Roy Haywood has left the board but remains a director and shareholder in Tern Developments, Mr Alan Edwards has also left the board to concentrate on his activities as group company secretary and group administration executive.

■ BRITISH ALCAN ALUMINIUM has appointed Mr Robert H. Wilkinson as aluminium can recycling director of its primary and recycling division, Gosforth, Newcastle. He was commercial

Mr Johannes Erbé, until recently a vice chairman of Unilever NV and a member of the top three man special committee (which acts as chief executive) of the Unilever Group, has been appointed a part-time member of the RRITISH COAL CORPORATION. He serves

from June 1 to May 31, 1992. Dr David Atterton, chairman of Foseco until 1987, and a director of the Bank of England and of Barclays Bank, has been re-appointed as a part-time member for three years from September 1, together with Dr John Parker, chairman and chief executive of Harland and Wolff. ■ Mr Michael Miles has been

appointed a non-executive

director of Sedgwick Lloyd's

Underwriting Agents. He has been an external "name" through the company for several years, and is an executive director of John Swire & Sons. Mr Brian J.



Mr Mark Powell (above) is to join private client stockbrokers LAURENCE KEEN & CO as chief executive from July 3. He was chief executive of CL-Alexanders Laing & Cruickshank Holdings.

Rothwell is joining the London

operations of E.W. Payne Companies on May 30 as commercial director. He is deputy manager, Lennox Underwriting Managemen Mr Michael F. Bace and Mr Kenneth W. Woodhams have been appointed managing directors of the non-marine division E.W. Payne (U.K.).
Mr David J. Skeates has been appointed managing director of E.W. Payne (North America) in succession to Mr Woodhams. The companies are members of the SEDGWICK GROUP.

■ APPLEYARD GROUP has appointed Mr John Atkin as business development director.



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Mr Toshiaki Tsuchiya, managing director of NMUK for the past five years, is to return to Japan as president of Alchi Machine Industry, a Nissan associate company which pro-

been appointed a director of MILLER DEVELOPMENTS. ■ TANDEM COMPUTERS has appointed Mr Harry Summers as UK sales director.

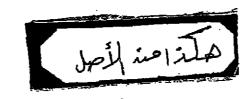
Mr Michael Woskalo bas

TERN has appointed Mr Richard Gray as a director and chief executive of Tern Property Services. Mr Mike Drary becomes a non-executive

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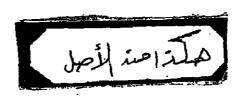
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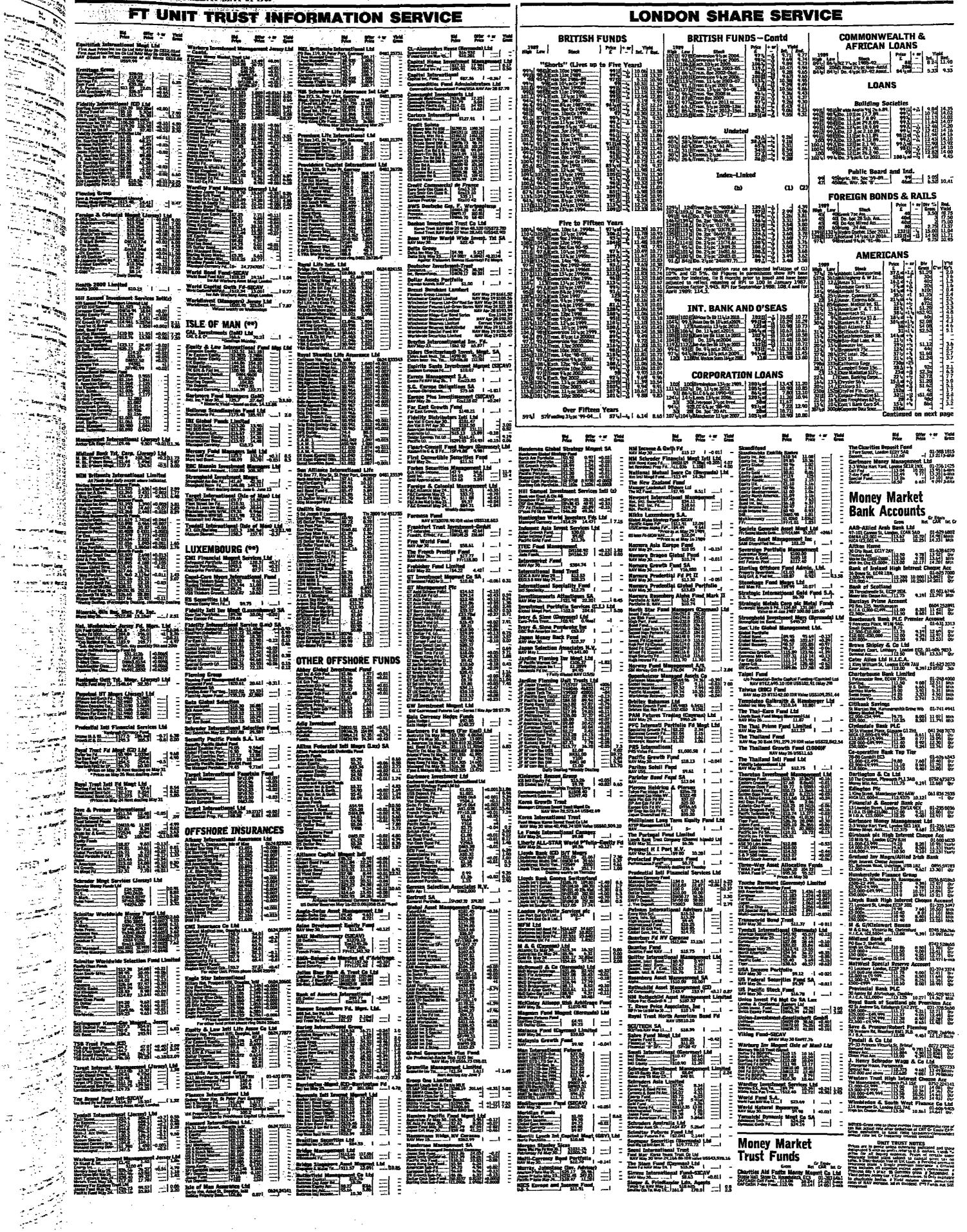


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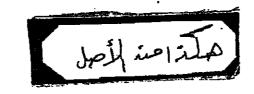
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Natural Reformers Acc. 103.5 109.2 -0.1 Pacific 161.5 170.1 44.7 International 170.5 170.1 170.1 170.5 170.1 170.5 170	17.0 1.5 Left Peris Int. Fri. Acc. 118.8 125.1 1.1 1.2 1	Gartmore Fund Manuscers Ltd State Ass. S	5.56 - 11.02 Figuring Stream 5.66 - 11.00 24-28 Res Jets, 1-Navagle 1-1148 Longsthown 7 Vanishin 105 1 5.92 - 18.13 5.92 - 18.07 Figuring Franch Franch 9.22 - 18.07 Fif American Franch 9.23 - 18.07 Fif American Franch 9.24 - 18.07 Fif American Franch 9.25 - 18.07 Figuring Franch 9.26 - 18.07 Figuring Franch 9.27 Fif American Franch 9.27 Figuring Franch 9.28 Figuring Franch 9.	Aprilai Mampent (Guernsey) 1.th. 1.1.24
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44	FINANCIAL TIMES WEDNESDAY MAY 31 1989	LONDON SHARE SERVICE	● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help deak on 01-925-2128
	INSURANCES — CONTO INSURA	TEXTILES TRUSTS, FINANCE, LAND TRUSTS, FINA	THE DILAMB GAS—Corted WINES—Corted WATER OVERSEAS TRADERS OVER

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Loss of confidence hurts pound

currency markets yesterday amid concern about rising inflation and higher wage costs. Overseas investors were also discouraged by the prospect of a strike by UK dock

With the US dollar attracting renewed demand, there was little incentive to maintain positions in sterling, and the pound fell to its lowest level since February 1937 against the dollar at \$1.5585, down from \$1.5890 on Friday. Its decline against the D-Mark to DM3.1325 took it to its worst level since October last year, on Friday it closed at DM3.1600. In yen terms the pound fell to Y223.50 from Y224.75. Elsewhere, it finished at SFr2.7350 from SFr2.7575 and FFr10.6100 compared with

FFT10.7025. The pound's exchange rate index fell to 92.5 from an opening level of 92.9, and 93.4 on Friday. Since the beginning of the year, the pound has fallen over 5% per cent against a baselet of the property of the period of the pe ket of currencies. It has also declined by some 14 per cent against the dollar, and because most commodities are priced in dollars, the decline has created upward pressure on inflation. Most traders now expect a rise in UK base rates to 15 per cent unless stering shows signs of

2 IN NEW YORK

May 30	Latest	Previous Close			
£ Spot	1.5670-1.5690 0 55-0.54cp 1.61-1.58pm 5.70-5.60pm	1.5890-1.5910 0.54-0.49pm 1.61-1.56pm 5.70-5.50pm			
Forward premiums and discounts apply to the US dollar					
Sterling Index					
	May	30 Previous			

		May.30	Previous	
8.30 9.00 10.00 11.00 Noon 1.00 2.00 3.60 4.00	am .	9899999985 8899999985 8899999985	93.4 93.4 93.4 93.5 93.5 93.4 93.4	
CURRENCY RATES				

		.	. —
May.30	Bank rate %	Special ^a Drawing Rights	European Carrency Unit
Sterling U.S. Dollar Canadian S. Austrian Sch. Belgian Franc Danish Krone Deussche Mark Hech Guider French Franc Italian Lira Japanese Yes Norway Krone Spanish Wrona Swedish Krona Greek Drack	739 557 450 4550 4550 4550 4550 4550 4550 4	6,782214 1 25561 1 51314 17,3488 51,5616 9,60981 2,46476 2,776476 8,3359 1786 96 176 727 6,91358 155 063 8,33783 8,33783 2,15902 210 553	0.660450 1.03506 1.24983 14 6254 43.5475 8.09881 2.07792 7.04564 1503,99 148,241 7.47932 1.81653 176,829

CURRENC	MOVE	MENTS
May_30	Back of England Index	Morgan ^{er} Guaranty Chaoses %
Sterling U.S. Dolfar Canadian Dollar Acctron Schilling Belgian Franc Danish Krone Deutsche Mark Swiss Franc Guilder Franc Franc Franc Franc Franc Franc Franc	92.5 72.8 103.1 105.2 102.2 111.7 104.7 109.4	-17.8 -5.6 -0.6 -9.4 -6.6 -2.6 +19.6 +13.1 +12.7 -15.9

(a)	98.3 140.8	-19.4 +71.8
Morgan Guaranty 1982 = 100, Bank of 1985 = 1001***Rates are	changes a England Index forMay 26 .	verage 1980 (Base Averag
ATHED A	iooen/	152

OTHER CURRENCIES									
May 30	£	S							
Argentina Asstralla Brazil Fridand Greece Hoog Kong Irab Lineanicum Mation Mexico N. Zealand Saudi Ar. Stogapore S. Af (Fn) Taiwan U.A.E.	296.25 - 296.60 2.0915 - 2.0940 1.7580 - 1.7670 6.9645 - 6.9765 265.55 - 270.05 12.1385 - 12.1540 117.50 103.40 - 1042.75 0.46330 - 4.245 4.2330 - 4.245 3.856.65 - 3360.70 2.6750 - 2.6800 7.8000 - 5.8855 3.0590 - 3.0645 6.4550 - 6.5825 6.4550 - 6.5825 6.550 - 6.5825 6.650 - 6	189 90 - 190 00 1 3390 - 1 3-500 1 3390 - 1 3-500 1 4,5980 - 4 4600 169 85 - 177.55 7.7740 - 7.7770 72.507 683 90 - 689 30 0.2955-0.0 2542.5 42.05 - 42.15 2.7730 - 2.7160 2.473 00 - 2474 00 1.7145 - 1.7175 3.7500 - 3.7510 1.7580 - 1.9600 2.7835 - 2.7835 4.1320 - 4.2195 26.05 - 6.10 3.5720 - 3.6730							

MONEY MARKETS

LONDON MONEY market rates moved up again yester-day as sterling weakened and interest rates rose in Japan

and parts of Continental Europe.
Three-month sterling inter-

bank opened firmer at 13\frac{1}{2}-13\frac{1}{6} per cent, as the pound's exchange rate index slid to 92.9

UK clearing bank base leading rate 14 per cent from May 24

from 93.4. A rise of 0.75 per cent to 3.25 per cent in the

Bank of Japan's discount rate

was widely expected, but con-

tributed to the mood of ner-vousness in London.

92.5 at the close, three-month

interbank rose above the recently established base rate

level, to close at 141-14 per cent compared with 13%-134

The West German Bundes-

bank council meets tomorrow,

and will decide whether to respond to the weakness of the

D-Mark against the dollar and

the rise in Japanese rates. Call

money in Frankfurt rose to the 6.50 per cent emergency Lom-

bard borrowing level, but the move was largely technical and

dealers warned against giving this too much emphasis.

A better guide may be provided by today's securities

repurchase agreement tender

from the Bundesbank. Banks

have been offered funds for 34

per cent on Friday.

As the pound's index fell to

London rates firm

of the year.

National Bank raised the rate on four-month paper, issued by the Securities Regulation

Fund, by 0.20 per cent to 8.70 per cent at its weekly tender. Other rates, including the important three-month Trea-

sury certificate rate, were

unchanged.

The Bank of England initially forecast a money market credit shortage of £300m, but

revised this to £400m at noon

and to £450m in the afternoon. Total assistance of £400m was

provided. The authorities did

not operate in the market

before lunch, but in the after-

noon bought £145m bank bills in band 1 at 13% per cent. Late

help of £255m was also pro-

hands, repayment of late assistance and a take-up of Trea-sury bills drained £904m. This

outweighed Exchequer transac-tions adding £195m to liquidity, a fall in the note circulation of

£380m and bank balances

above target of £35m.

Bills maturing in official

Sterling's decline continued in New York where by lunchtime it had slipped to DM3.1250. However, it was slightly steadier against the doular at \$1.5600.

Further intervention by central banks yesterday failed to prevent the dollar from finishing on a firmer note and touching its best level against the D-Mark since December 1986. The Bank of England and the West German Bundesbank were joined by at least four other European central banks during the morning selling dol-lars. But the firmer tone con-tinued, and the US unit touched a high of DM2.0155 against the D-Mark before closing at DM2.0095 up from

DM1.9890 on Friday. The Bank of Japan intervened on several occasions in Tokyo, in an effort to force the

with a rise in the Japanese discount rate to 3.25 per cent from 2.5 per cent.

The dollar is likely to remain firm ahead of the release of US employment data for May, due on Friday. Analysts are looking for a rise in non-farm payroll employment of around 200,000. A smaller rise may give the authorities some room to push interest rates lower in the US in an attempt to reduce

the dollar's attraction. A higher figure will provide good reason to maintain a tight monetary policy until such times as there are clear indications of a slowdown in US growth and inflation.

The dollar closed at Y143.40 compared with Y141.40. Else-where, it finished at SFr1.7550 from SFr1.7360 and FFr6.8075 compared with FFr6.7350. On Bank of England figures, the dollar's exchange rate index

dollar lower,	, in conj	unction	rose from	72.2 to 72.8	3. 					
ems e	EMS EUROPEAN CURRENCY UNIT RATES									
	Eco central rates	Carrency amounts against Eco May 30	% change from cestral rate	% change adjusted for divergence	Divergence limit %					
Belgian Franc	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58	43.5475 8.09881 2.07995 7.04564 2.34409 0.777829 1503.99	+2.57 +3.14 +1.04 +2.05 +1.06 +1.23 +1.38	+1.00 +1.57 -0.53 -0.48 -0.51 -0.34 +0.48	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1,5012 ±1.6684 ±4.0752					

Disoges are for Ecu,	therefore posit	he change denotes	a sex cured

POUND SPOT- FORWARD AGAINST THE POUND									
Мау.30	Day's spread	Close	One pronth	% %	Three months	% p.a.			
s anada arada arad	65.50 - 66.10 12.174 - 12.2774 1.1710 - 1.1810 3.13 - 3.15 258.70 - 260.60 200.15 - 201.85 22624 - 22794 11.26 - 11.344 10.604 - 10.67	1,580 1,590 1,885 1,895 5,324 3,334 66,55 66,6 12,21 1,720 1,720 1,1730 25,915 36,015 26,915 36,015 26,915 30,05 26,91 22,34 10,604 10,614 10,504 10,514 22,24 22,03 22,06 2,73 2,74	0.58-0.55cm 0.27-0.16cm 24-1.16cm 24-1.3cm 32-22cm 53-44cm 0.40-0.35cm 13-1.4cm 5-3irem 45-44cm 24-1.4cm 21-1.4cm 13-1.4cm 13-1.4cm	4.57 6.80 5.40 5.40 6.94 -1.65 2.452 2.00 9.674 5.76	1.68-1.64pm 0.80-0.65pm 55-54pm 67-84ppm 13-1.50pm 1.10-1.00pm 11-1.00eds 14-274pm 12-74pm 12-1.24pm 12-1.25pm 43-44pm 36-334ppm 4-34ppm 4-34ppm	4.26 1.54 6.09 5.02 4.40 3.58 6.38 6.38 6.38 6.47 2.58 8.39 5.67			

DOLL	AR SPOT-	FORWAR	D AGAIR	IST :	THE DOL	LAR
May_30	Day's spread	Close	One month	%. D.J.	Titree mosths	% p.a
K1 eland1 eland1 anada sarada setterlands elgium el	1.5560 - 1.5705 1.3260 - 1.339 1.2035 - 1.2105 2.2575 - 2.2715 41.95 - 42.20 7.8015 - 7.85 1.0030 - 2.0155 1.64.0 - 1.66.55 1.27 40 - 1.28.80 1.44.8 - 1.456 7.215 - 7.25 6.734 - 6.82 1.42.85 - 1.43.55 1.42.85 - 1.43.55 1.41.8 - 1.41.8 1.7995 - 1.7620 and are quoted to US	2,0090 - 2,0100 166,45 - 166,55 128,80 - 128,90 1451 \(\bar{4}\) - 1452 \(\bar{4}\) - 7,23 - 7,23 \(\bar{4}\) 6,80 \(\bar{4}\) - 6,74 \(\bar{4}\) 14,145 - 14,15 14,144 - 14,15 1,7545 - 1,7555	0.58-0.55cpm 0.24-0.25cis 0.34-0.35cis 0.46-0.44cpm 5.00-3.50cpm 0.70-0.45crpm 0.70-0.45crpm 40-50cis 2.70-3.20lires 0.61-0.92cms 0.61-0.92cms 0.61-0.92cms 0.90-0.56ppm 3.30-2.80pcpm 3.30-2.80pcpm	435 438 438 438 438 438 438 438 438 438 438	1.68-1.64cm 0.18-0.26ds 0.80-0.85ds 1.12-1.09pm 0.65-0.25pm 1.10-1.08pm 200-27ds 1.30-1.56ds 8.70-9.70ds 2.70-9.70ds 2.70-9.70ds 8.70-9.70ds 2.55-2.55ds 0.90-0.20pa 3.10-3.35dpm 3.10-3.35dpm 3.20-3.45	4.26 0.69 -2.75 0.91 0.23 2.17 -5.64 -4.37 -2.54 -4.37 -2.54 -1.91 4.37 2.11 1.44

	JRO-CL	IRREN	Y INTI	REST	RATES	
May.30	Short term	7 Days notice	One Mosth	Three Months	Six Months	Cine Year
erlog Dollar Dollar Tollar Golfder Franc dischmark Franc lian Lire Fr. (Fa) Fr. (Con.) Krose an SSing	૽૽ૼૺૺૺૺૺૺૺૺૺૺૺૺૺૺૺૺૺૺ૾ૺૺૺૺૺ૾ૺૺૺ૾ૺૺૺ૾ૺૺૺ૾	ာ်လောက်နှင့် မြို့ကို လူတို့ရ သူ့လောက်မောက်နှင့် မင်းကို မောင်း သူ့လည်း မင်းကို မင်းကို မောင်း	Henricon Henricon Henricon Henricon Henricon Henricon Henricon Henricon Henricon Henricon	14-22-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-	1971777979885889 19817777978895889	14-13-7 91-91-1 11-11-17-17-17-17-17-17-17-17-17-17-17-1

	7.0	-10 -20				
Logo term Eurod	allars: ton years	94.94 perce	ut- Harrie essars 9	79-62 DELCEUT	four years 91 ₂₋ 4	3 per cent: fine
Long term Eurodi 1921 Ser Cel	t nominal. Short	Literon rates are	call for IIS Dol	بمحمدل أورد بعدا	e Yen, others, t	neo dans rectice.

EXCHANGE CROSS RATES										
May.30	£	5	DM	Yen	F Fr.	S Fr.	H Fl.	Lira .	CS	BFt
ž	1	1.559	3.133	223.5	10.61	2.735	3.530	2263	1.885	65.6
E	0.641	1	2.010	143.4	6.806	1.754	2.264	1452	1.209	42.0
DAI	0.319	0.498	1	71.34	3.387	0.873	1.127	722.3	0.602	20.9
YEN	4.474	6.975	14.02	1000.	47.47	12.24		10125	8.434	293.
F Fr.	0.943	1.469	2953	210.7	10.	2.578	3.327	2133	1.777	61.8
S Fr.	0.366	0.570	1.146	81.72	3.879	1	1.291	827.4	0.689	23.9
H FI.	0 283	0.442	0.888	63.31	3.006	0.775	1	641.1	0.534	18.5
Ura	0.442	0.689	1.384	98.76	4.688	1.209	1.560	1000.	0.833	28.9
C S	0.531	0.827	1.662	118.6	5.629	1.451	1.873	1201	1	34.8
B Fr.	1.524	2.377	4.776	340.7	16.17	4.169	5.381	3450	2.873	100.

FT LONDON INTERBANK FIXING (11.00 a.m. May 30) 3 months US dollars 6 months US Dellars

days and 62 days at variable bid rates. These two pacts will replace DM32.2bn draining from the market as two earlier agreements expire. In Zurich the Swiss National MONEY RATES **NEW YORK** Bank increased its floating Lombard rate to 9% per cent from 9% per cent. The Union Bank of Switzerland raised its mortgage rates by % per cent and warned that Swiss rates 8.16 8.54 8.78 8.86 8.83 8.83 8.83 Tirete yea Four yea Fine year Seves you 10-year 30-year could rise further over the rest 7.00-7.10 8ほ-9込 -In Brussels the Belgian 7.30-7.45 9<u>1</u>.42

LONDON MONEY RATES										
May.30	Overnight	7 days notice	One Month	Three Months	Six Months	Ose Year				
Interbank Offer	15 13	13% 13%	1313 1314 1314 1315	141 134 134 137	14 - 13 13 13 13 13 13 13 13 13 13 13 13 13 1	13/3 13/5 13/5				
Sterling CDs Local Authority Deps Local Authority Bopds	1312	1312	1 -	13/3	퍫	13.5				
Discount Mkt Deps Company Deposits Finance House Deposits .	1512	1312		133	13 1 14	131 131				
Treasury Bills (Buy) Bank Bills (Buy)	-	:	1313	137		-				
Fine Trade Bills (Bay) Dollar CDs SDR Linked Dep Offer		=	9.65	9.55 84	9.45	9.45 813				
SDR Unked Dep Offer SDR Unked Dep Bld ECU Linked Dep Offer ECU Linked Dep Bld	=	=	13311111111111111111111111111111111111	11145	13.45 9.45 9.45 9.45 9.45 9.45 9.45	814				

Treasury Bills (self); one-month 13½ per cent; three months 13½ per cent; Bank Bills (self); one-month 13½ per cent; three months 13½ per cent; Bank Bills (self); one-month 13½ per cent; three months 13½ per cent; Treasury Bills; Average tender rate of discount 13.2667 p.c. ECGD Fleed Rate Sterling Export Finance, Make up day May 31 , 1989. Agreed rates for period June 24.1999 to July 25, 1989; Scheme IV 4.02 p.c. Schemes II & III: 14.45 p.c. Reference rate for period April 29 to May 31 , 1989; Scheme IV&V: 13.151 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Bace Rate 13½ from May 1, 1989; Bank Deposit Rates for sums at seven days indice - Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; three-six months 11 per cent; Ine-three months 11 per cent; Under £100,000 9½ per cent from December 1,1988; Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES

Currency fears hit Liffe

near the day's low on Liffe yes-terday. Concern grew that the UK authorities are being caught in a dilemma; on one side there is the risk of a currency crisis, and on the other a rise in base rates to a level where political difficulties could result.

The weakness of sterling encouraged speculation about another rise in UK bank base rates, with GNI - one of the

Estimated volume total, Calls 235 Pets 491 Previous 636's open int. Calls 3610 Pets 5686

LIFFE £/5 OPTIDIES £25,000 (certs per £1)

LONDON (LIFFE)

Estimated volume total, Calls O Pots O Previous day's open Int. Calls 210 Pots 1600

ime 24292 (26417) open ist., 44691, (45397)

Clase High

Est., Vol., (Inc., figs., not shown) 8808 (11815) Previous day's open int., 67220 (67067)

Estimated Volume 3149 (3462) Previous day's open int. 15597 (15213)

Estimated Volume 3314 (1760) Previous day's open int. 18523 (18396)

DAM-STEPLING SA per £

Close High Low Pres. 213.15 214.90 213.10 214.90 217.75 219.25 217.75 219.25

1-orth 3-orth 6-mth 12-orth 15529 15419 15253 14990

559 7.25

Estimated Volume 615 (683) Previous day's open let. 1100 (1051)

Close High Low Pres, 93-30 94-13 93-28 94-17 95-02 95-17 95-01 95-21

SHORT STERLING finished higgest operators on Liffe - saying that a majority of market commentators now believe a move to 15 per cent cannot be

September short sterling fell through a technical support level of 86.25, to a low of 86.18 and closed at 86.19 compared with 86.45 on Friday.

The US Federal Reserve may wait for Friday's May US employment data before considering any easing of mone-

tary policy, but hopes that the strong dollar will soon force

lower US interest rates boosted

US Treasury bonds.

This did nothing to help sterling based contracts however,

where currency considerations

overshadowed all other factors.

Fears that the Bundesbank

may push West German inter-

est rates higher at tomorrow's council meeting added to the mood of nervousness in Lon-

PHILADELPHIA SE EIS OPTIONS EST. 254 (code our CT)

CHTCAGG 91.52 92.31 92.44 92.50 91.58 92.35 92.50 92.50

EUROPEAN OPTIONS EXCHANGE
 Vol
 Last
 Vol
 Last
 Vol
 Last

 140
 5
 50
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The Financial Times proposes to publish this survey on:

12th July 1989

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FINANCIAL TIMES

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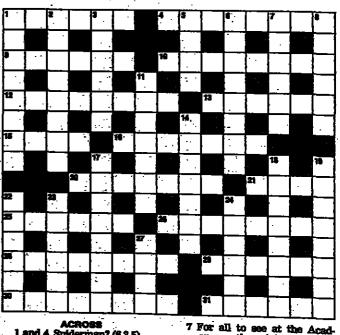
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CROSSWORD

No.6,947 Set by QUARK



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12 A fabric of great importance (8) 13 "Cued badly to a degree" ciain (6)

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15 Jock's veg enjoyed by one epicure (4)
16 The subject matter making one pleased? (7)

20 Cut nearly all? Quite a few

21 Rose bush pruned for a French region (4)
25 A term or name (6)
26 Vegetable? Something laid, set into the ground (8)
28 Coach in street going round tailliess lorry (8)
29 Man's Assarintion in scient?

29 Man's description in sci-fi? (6)
36 Tree-top broken by climb-er's foot, a slow mover (8)
31 A universal test tried should

be representative (6) · DOMN

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The break that could be a vent (8)

3 Holiday spot to arrange

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5 There's body in this port (4)
6 The structure that could

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8 Team part of panel event (6)
11 Bat gets oner after scramble (he's entitled) (7)
14 Good man has a row: that's

odd (7)
17 Wherein rested the bird at
Christmas (4,4)

Christmas (4,4)

18 An American tree – and brute to demolish (3)

19 One well known for grasping characteristic (8)

22 RM with ship could be

found at sea (6)
23 It's near front of the cupboard (6)
24 Wreck round the north produces strip of wood (6)
27 Part of RAC requirement — a land unit (4)

Solution to Puzzie No.6,946

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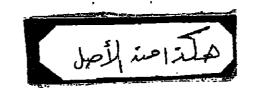
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FINANCIAL TIMES WEDNESDAY MAY 31 1989 WORLD STOCK MARKETS SMEDIEN iday 30 AGA B (Free) AGA Lurel B (Free) AGA Lurel B (Free) AGA B (Free) Astra B (Free) Astra B (Free) Astra B (Free) Astra B (Free) Encote B (Free) Encote B Free Me Oot Dom B Free Pharmost B (Free) Stan-Comin B (Free) Stan-Comin B Free Velvo B (Free) 27,520 -5 9,800 -20 1,325 +15 4,895 +11 13,4500 +33 1,645 +33 1,645 +43 | The content of the 2.568 1.578 1.578 1.578 1.578 1.589 1900 Chra Tel | \$14 | 10050 Ranger | \$ | \$200 Redpath | \$2 | \$250 TORONTO 2pm prices May 30 90.50 +0.4 97.00 +0.7 116.80 +2.7 146.50 +0.1 149.90 +0.3 149.90 +0.4 1197.70 -0.7 140.90 +0.1 1197.70 -0.7 140.90 +0.2 1297.00 +0.9 1297.00 +0.9 1297.00 +0.9 115.60 +0.1 1297.00 +0.1 AMIEV AMIEU Bohrusten-Tet. Borsund | Webry Beebrusten-Tet. Center Parcs Center Parcs Center Ros Dordische Pebrole Eberier Höu Felder Centers Get Broades Reines Hot Centers Hotogeness Hotogeness Hotogeness Hotogeness Hit Centers Kull Kull Kungeness Joseph Jo May 30 Adia isti Absulse Do. Pig. Cerls. Baiote Hid Pig. Bask Lee Do. Pig. Bryan Boveri reests Holzmann (7) Herten Hessel Indastriekrefft Indastriekre Helestoff (Br) Incertain fet, Incertain fet, Incertain fet, Incertain Setchard De, Pig, Jeined De, Pig, Limedi De, Pig, Limedi De Priority frig Mag, Siebus Pig Mag, Siebus Pig Matter Cahambus Nestle Do, (Reg) Der-Bushrie Parqusa Hido Pirelli Sanduz (Br) De, (PiCsd) Schlesder (Br) De, (PiCsd) Schlesder (Br) De, (PiCsd) UN, PTEL MARKENSON MARKHOUSER MARKHOUSER MARKHOUSER MARKHOUSER MARKHOUSER MARKHOUSER PROSESS PROSESS MARKHOUSER PROSESS MARKHOUSER M 203 45 45 7 7 12 5 7 5 7 17 5 7 2 5 7 May 30 INDICES DOW JONES **NEW YORK** 197 197 197 192 192 192 192 192 193 Hay 30 25 26 +1.9 +2.5 +2.5 +5.2 -11.7 May 24 Way 23 May 25 2502.02 022/51 90.62 04/51 1165.59 026/51 201.16 026/51 OUTH AFRICA May 30 90.45 AUSTPIA Credit Akties (30/12/84) . +0.05 49.72 45.33 45.4 45.1 45.1 Abercom Abercom AECI Alifed Tech Angio An Icaal Angio An Icaal Angio An Icaal Angio An Icaal Angio An Gold Sartion Reed 1165.59 1152.65 1154.27 1155.56 201.16 199.27 199.74 199.38 4.209 12.496 12.496 405 405 405 13.850 13.850 13.850 13.850 4.706 2.2046 6.150 6.500 6.500 6.500 1.401 6.17,000 2.250 43.000 2.9700 43.000 2.9700 43.000 2.9700 43.000 1975 : 1888888 | コイラングラングラングラングラング 310.64 (16/5) ann SE (3/1/83) . 275.31 (3/1) 318.66 (3/1) 24.30 (3/1) 4.40 CU6/323 3.62 CZU6/323 E.64 CU10/749 321.98 (22/9 369.20 (26/9 30.07 (22/9 369.20 366.50 366.05 364.72 477 8 112.2 478.5 112.0 449.4 111.7 30.05 29.81 29.80 29.85 1/ay 30 187.99 (25/8/87) 365.01 (13/8/87) 455.28 (26/8/87) 179.35 (22/5) 355.01 (24/5) 445.21 (24/5) 154.98 G/1) 305.24 G/1) 378.56 G/1) 4.45 (25/4/42) 29.31 (9/12/72) 54.87 (31/10/72) 585.00 576.57 1738.4 1713.0 1403.17 1385.57 355.01 352.65 351.00 350.% DAX (30/12/87) Fessa Hidroel Castab. Hidroela Berduero 445.21 442.89 441.49 440.15 May 19 LLY nea Cent. Ital. (1972) .. Dow Industrial Div. Yield ... 3.35 3.43 3.51 May 24 May 17 May 10 3.03 3.04 3.12 13.46 13.42 13.54 CETTANY May 30 AEG AG A Verter Actions When Addition Allianz AG Action Deutsche Do. Pri. BASF NEW YORK May 25 May 25 May 24 245.5 245.1 191.3 190.9 1950 1025 412 513 129 16 NORWAY Osio SE (2/1/83) . JAPAN Mar 30 SPAIN Madrid SE (30/12/85) . 312.69 SWEDEN Jacobson & P. (31/12/56) 1.000 1.1500 1.1 SWITZERLAND Swiss Bank Ind. (31/12/56) . WORLD M.S. Capital Intl. (1/1/70)... 502.D 507.3 10.04 10.02 10.03 10.03 10.05 -005 -024 -002 +012 TOKYO - Most Active Stocks ON BUSINESS IN LUXEMBOURG? Enjoy reading your complimentary copy of the Financial Times when you're at the Hotel Cravat Stocks Traded 17.4m 14.2m 13.6m 12.8m Hotel Aerogolf Sheraton, Intercontinental Hotel Hotel President, Hotel Le Royal 1,250 965 2,120 1,160 879 -29 -5 +30 +40 -1 FINANCIAL TIMES Nyossi Electric Lion Long Term Cred. Marko Mislino Marko Mislino Marko Elect Wit Marudal Food Marud Ma -03 H10 . 12,380 -804 -814 1,270 12 issues free when you first subscribe to the Financial Times When you take out your first subscription to the FT, we'll send you 12 issues free. For further information and details USTRALIA of subscription rates, complete the coupon and return it to: [유구류 | 유구류 | 유무류 | 유무류 | 유무류 | 유유류 | 유유류 | 유구류 | 유유류 | 유유 Financial Times (Europe) Ltd. FIELD BELLEVING

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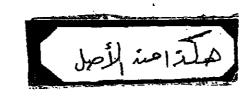
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Dow retreats despite talk of monetary easing by Fed

Wall Street

WHILE BONDS rallied on talk of a slight monetary easing by the US Federal Reserve, equities traded quietly in a narrow range yesterday morning, before moving lower after lunch, writes Janet Bush in

At 2 pm, the Dow Jones Industrial Average was quoted 15.46 points lower at 2,478.31 on low volume of 89m shares.

The equity market is as concerned with its own technical position as with economic fun-damentals and speculation

about policy.

The Dow Jones index is still near its post-crash peaks and has registered a broad and impressive advance in the last few weeks. The gains posted by large capitalisation issues have been matched by buying of secondary stocks, suggesting that there has been genuine depth in the stocks rally. The question, of course, on everyone's minds is how long the buying

Developments in other markets had little perceivable impact on stocks yesterday. US Treasury bonds rallied about ¼ point on talk that the Fed may ease monetary policy a notch, pushing the Fed Funds rate lower, in order to halt the

rally in the dollar. It is by no means clear that a consensus will be reached

within the Fed on this subject

as domestic economic fundanentals, such as last Friday's 1.1 per cent rise in consumer spending in April, tend to argue against an easing.

The decision to ease will depend on the balance of priorities between inflation and any desire to stop the dollar from rising. Those Fed officials who favour a slight easing may argue that the dollar's appreciation this year has already acted as a significant deflationary influence and that, at current levels, the currency threatens the continuing ability to export and the whole

process of trade adjustment. Some equity dealers started talking yesterday about the fact that an unrelieved rise in the dollar is not all good news for stocks, particularly those which are heavily dependent on export markets.

There was no hint of a change in Fed policy yesterday in its money market operations and many market participants doubt that the central bank will make such a critical decision in advance of Friday's employment figures.

Among featured stocks was

Dunkin' Donuts which dropped \$2% to \$35 in over-the-counter trading after the company chased 355,000 of its common shares and intended to repurchase another 1,445,000. Also in the Nasdaq market, Sun Microsystems jumped \$1%

agreement with Toshiba of Japan, which has said that it will develop a new class of computers based on two of

Sun's products.

NWA added \$1% to \$107%. Yesterday was the deadline for possible bldders to submit offers to the airline company. Pan Am, a possible bidder, dipped \$% to \$4%. Kinder-Care Inc added \$% to

\$8% on news that it will spin off Kinder-Care Learning Centres in a \$215m restructuring aimed at reducing debt. Texaco, which went ex dividend, was one of the most actively traded stocks on the

added \$% to \$51%. American Telephone & Telegraph added \$% to \$35% after the company and unions agreed a three-year contract involving only modest wage and benefits improvements.

New York Stock Exchange and

Canada

CONTINUED strength in the US dollar seemed to confuse a cautious Toronto stock market which lost a little shine at midsession, dropping back after an early jump.

The composite index rose 8.2 to 3,695.1, and advancing stocks led declining ones 219 to

Frankfurt leads bourses in advances to year highs

INVESTORS in Europe shrugged off interest rate con-cerns and went on a buying spree, notably in West Gernany where prices climbed

and turnover soared, writes

And turnover soared, writes

And Markets Staff.

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April 13. Ap 112 Applier ver in German shares 174 Archor ver in German shares 284 Archor ver in German shares 164 Archor ver in German shares 164 Archor ver in German shares 164 Archor ver in German shares Arister on the previous post-

38 Artiail 13. 2 Arm: end comments by Mr 401 Arm: ptto Pohl, Bundesbank Aroent, had reassured inves-54 Aroant, had reassured inves-124 Ar that the central bank al not raise interest rates As council meeting tomor-burt order inflows and profit ecasts of leading companies, id one analyst.

Cars again benefited from e interest in exporters, with W up DM12.70 at DM398.50 fter touching DM400. Tyre-haker Continental added)M7.10 to DM273.30 on its plans to buy a majority of blans to buy a majority of 224. Swedish company Nivis Tyre.

114. Chemicals were strong, steel 124. issue Thyssen gained DM7 to a 234, year's high of DM256, and con124. structions rose amid news that

structions rose amid news that growing immigration was increasing the need for apartments. Bilfinger and Berger climbed DM28 to DM468, helped by its part in a bid for a \$6bn Libyan irrigation contract with Bouygues of France.
PARIS had a moderate day, with prices edging higher in selective buying. Volume was estimated by one house at FFr2bn, with Eurotunnel the most active stock as it rose

The OMF 50 index added just 0.59 to 494.58, while the CAC 40 was 2.06 higher at 1,722.87. The opening CAC General was off

buying as a Paris commercial court ruled that share warrants bought by Mr Bernard Arnault, the group's chairman, should be frozen before a shareholders' meeting on June 9. The share soared to FFr4,399 before ending FFr142 higher at

FF1674 on its forecast of a good year, the strength of television advertising revenue, and its bid for the Libyan irrigation

contract.

MADRID opened in spite of a one-day strike by employees of stockbrokers and of the

reform abolishing the monopoly of brokers in all share transactions takes effect at the

stocks. Shares closed mostly higher, pushing the index to a

The CBS tendency index added

FFr3 to a year's high of FFr126 on 1.6m shares following buy recommendations.

0.7 at 477.1. LVMH attracted speculative

FFr4,287 amid speculation Mr Arnault would have to buy shares to support his position against Mr Henry Racamier. Construction stock Bouygues was active, rising FFr33 to

exchange's governing board. Stockbrokers turning up for work had to run the gauntlet of pickets at the entrance. Brokers' employees fear they may lose their jobs after a

end of July.
The stockbrokers limited trade to half of the 120 leading

new 1989 high of 313.12, up 0.46. AMSTERDAM was mainly firmer after a hesitant session as export-dependent issues drew on the dollar's strength.

0.4 to 179.8 and a modest Fl 720m worth of shares changed hands. Insurer NatNed continued a

run of gains, adding Fl 180 to Fl 62.0 with first quarter results due today.
Grey market trading in truck
manufacturer Anglo-Dutch DAF remained buoyant before tomorrow's close of share applications. The 17.9m share issue is expected to be well oversubscribed. It was quoted

> distinct premium to its F147 issue price. ZURICH picked up as investors took the view that interest rates had probably peaked. The Swiss Bank industrial index

up 10 cents at F156.40, at a

rose 7 to 671.8.
MILAN edged slightly higher in moderate trading with sus-tained demand for Fiat before the release of 1988 group results. The Comit index Fiat rose L74 to L9,364, but fell back after hours to L9,350. STOCKHOLM climbed

steadily after morning losses

and finished at a new record in very thin volume of SKr322m. The J&P index 3.7 to 4,053.97. SCA, the pulp and paper company, went ex a dividend of SKr7.25 and its free B-shares fell SKr12 to SKr390. Interim results showed a 16 per cent rise in profits, but a company statement said SCA would not be able to maintain profit

COPENHAGEN rose across the board in active turnover as investors took a positive view of government tax reform proposals unveiled last week.

growth at its present rate

VIENNA moved higher, with the index closing at 353,29, up 7. Montana, the bio-chemical and financial services group, rose by Sch9,600 to Sch50,000 following the successful outcome of a court case and its excellent results for 1988.

Smaller exchanges register sweeping swings

	% ch	% change in sterling			
_	1 Wook	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	+ 2.96	+0.23	+55.19	+36.52	+40.54
Belgium	-0.68	+1.79	+24.31	+6.44	+9.72
Denmark	-1.41	-0.24	+57.50	+ 12.95	+ 14.64
Finland	+0.14	-2.70	+ 16,76	+ 18.14	+25.31
France	+ 2.89	+3.00	+47.04	+ 13.07	+15.78
Nest Germany	+ 1.39	-0.14	+27.06	+4.13	+5.74
reland	-2.15	-2.34	+24.75	+ 17.37	+19.42
taly	-0.10	-2.66	+24.29	-1.52	+ 1.89
Netherlands	+1.34	+2.38	+31.47	+ 14.05	+16.09
Norway	-1.48	+1.48	+74.29	+41.54	+48.74
Spain	+ 1.01	+3.45	+9.03	+10.29	+14,50
weden	+0.76	+4.52	+44.21	+ 19.88	+25.42
witzerland	-1.79	-4.63	+10.87	+2.76	+1.27
JK	-2.59	+1.38	+19.86	+18.92	+18.92
UROPE	-0.66	+0.95	+24,65	+12.78	+14,02
Australia	-2.47	+2.99	+ 0.27	+3.29	+4,55
long Kong	-12,86	-11.85	+ 15.93	+3.88	+18.43
lapan	+0.20	+0.98	+21.56	+6.71	+7.40
Malaysia	-3.48	-0.20	+35.79	+22.88	+40.90
New Zealand	-3.45	-3.56	-5.01	+3.26	+11.12
Singapore	-2.44	+ 2.50	+35.15	+26.19	+43.03
Canada	+0.11	+1.80	+ 14,96	+9.90	+23.93
	+0.17	+4.19	_+26.83	+ 15.82	+31.86
/lexico	+9.38	+21.48	+58.41	+45.74	+ 53.95
South Africa	+3.73	-6.37	+44.12	+22.89	+ 29.43
VORLD INDEX	-0.12	+1.88	+23.44	+10.78	+16.49

By Alison Maitland

SHARP movements in some of the world's smaller markets dominated the global equity scene for a second week last week as Mexico soared and Hong Kong plummeted.

Performance was far more muted in the leading markets of the US and Japan, so that the FT-Actuaries World Index ended almost unchanged, with a loss of just 0.1 per cent.

Mexico built on its 13 per cent leap the previous week with a further rise of 9.4 per cent in local currency terms as investors continued to welcome the opening up of the country and the market to Earlier this month, regula-tions governing direct foreign

capital investment in Mexico were liberalised, while an easing of the rules on overseas ownership of shares is due in the next couple of months. The strong climb in the past two weeks, also helped by progress on the debt problem, has pushed Mexico into top place for performance this year, with a rise of 45.7 per cent in local

currency terms.
Turnover, at some 25m shares per day, has not increased this year with the increased this recording rise in share prices, according to Mr Tony Ewell of Corporate Broking Services, which specialises in emerging markets such as Mexico. However, he thinks "it will improve as more and more people become aware

of the market." At the other end of the scale Hong Kong fell by 12.9 per cent last week in hectic trading. adding to its loss of 4.2 per cent a week earlier, as reports on the unfolding political situation in China sent investors rushing for the door.

The activity was not entirely one-sided, however: last Tuesday, the Hang Seng index leapt 9 per cent on bargain-hunting after its 11 per cent fall the previous day.

Elsewhere in the world, South Africa made a particu-larly strong showing after losing badly the previous week, but its 3.7 per cent gain was related to currency movements rather than any change in fun-damentals. The week had started badly, with the strong

gold, but by the end of the week the US currency had reversed and bullion was firm again. A weak financial rand provided a further boost.

It was a mixed week for European markets, with the UK falling 26 per cent as the pound slid and interest rates moved up, while a resurgence of speculative activity took France by storm, sending it 29

per cent higher Austria continued to outperform with a 3 per cent rise, giving it a 36.5 per cent advance so far this year and narrowing the gap with Norway, still the European leader with a 41.5 per cent gain.

Sweden managed only a 0.8 per cent rise last week, but it has proved the best European performer this month, with a gain of 4.5 per cent. Switzer-land, hit last week by interest rate fears, has been the worst performer in the past four

weeks, falling 4.6 per cent. Over the longer-term, Italy is the only market in the FT-A series to be lower now than at the start of the year, while New Zealand alone languishes helow its level a year ago.

ASIA PACIFIC

Investors scared away by weakness of yen

Tokyo

THE YEN took another nasty beating from the dollar and scared investors away from the equity market again, leading share prices lower in extremely thin volume, writes Michiyo Nakamoto in Tokyo. The Nikkei average, which kept losing in early trading as

the yen continued to slip against the dollar, had fallen by nearly 150 points by midses-

But late buying by investment trust funds supported a last-minute recovery that helped the Nikkei trim its losses and close down 83.94 at 34,076.89.

The day's high was 34,162.01 while the low, reached just two minutes before the close, was 33,990.19. Declines outnumbered advances by 522 to 377 while 185 issues were unchanged.

Turnover was paltry at 690m shares, down from the 934m traded on Monday. The Topix index of all listed shares declined 8.68 to 2,522.59, but in later London trading the ISE/ Nikkei 50 index rose 1.40 to

"The desire to buy is there," said Mr Mitsuru Maekawa at Jardine Fleming, "but investors are frightened by the currency situation."

Yesterday the yen reached a new low for the year and the Bank of Japan was obliged to intervene in the foreign exchange market several times to curb the dollar's seemingly uncontrollable rise.

This was in spite of the Bank's decision to raise Japan's official discount rate by 0.75 per cent, effective today, and despite efforts by the monetary authorities to make it clear they were intent on supporting the yen.

The most damaging news for the equity market was the fact that the Bank's decision on the discount rate increase did not have the intended effect of

SOUTH AFRICA

JOHANNESBURG stocks ended narrowly mixed yester-day after a quiet and trendless day's trading, reflecting a gen-eral lack of interest before today's Republic Day holiday. Gold shares drifted aimlessly as the bullion price hovered .0322 avods

curbing the dollar's further

rise. The market has now been left to speculate on a further increase in the discount rate, leaving the same cloud of uncertainty hanging over it that has kept turnover at dis-mal levels for the past few

While the yen's weakness yesterday made it difficult for investors to buy actively, there was confidence that equities would be strong in the near future. A flood of funds from new investment trusts, estimated at Y400bn for this week, was expected to flow into the equity market. With the budget having been passed, a sig-nificant proportion of public funds was also expected to come into the market.

Yesterday, however, investors turned to profit-taking in the face of an uncertain foreign exchange market. Interest was seen mainly in specific situa-tion stocks. NOK, a leading manufacturer of oil seals. surged Y90 to a new high of Y1,650 in active trading amid rumours that it was being bought by speculators.

Other issues that attracted in which the Chinese authoribuying during the day ended ties would handle the students' lower on quick profit-taking. Furukawa Electric, the top vol-ume issue with 22.7m shares Taiwan all advanced.
HONG KONG investors took traded, added Y30 to Y1,300 before closing down Y20 at Y1,250. Kawasaki Kisen, the shipping company, followed with 21.3m shares and closed down Y5 at Y965 after rising

than expected pre-tax profits of Y1.7bn. Shimizu, the large construction company, was third in volume terms with 18.2m shares dealt and advanced Y30 to Y2.120. It was selected on its better earnings, although it too fell from its day's high of

Y18 to Y988 during the day. It

had been bought on its higher

Currency worries kept investors sidelined in Osaka. The OSE average shed 104.73 points to 33,014.46 and turnover sank to 40.5m shares from 90.3m traded on Monday. Nintendo, the maker of video computer games, rose Y300 to Y10,000.

Roundup

NERVOUSNESS over the way

unrest continued to cast a cloud over Hong Kong while Singapore, Australia and

profits amid rumours in the market of plans to use military force against student demon-strators in Peking, and concern over Deng Xisoping's failing

The Hang Seng index ended 39.55 points lower at 2,805.46. Turnover fell to HK\$1.14bn from HK\$2.04bn on Monday. News of protests in Peking against the disappearance of three pro-democracy workers fuelled pessimism about devel-opments during the afternoon.

Hongkong Land topped the active list, falling 10 cents to HK\$9.40, followed by Swire A, down 50 cents to HK\$18.50. Jardine Matheson fell 40 cents to

AUSTRALIA initially witnessed strong buying, mainly carried over from Monday's strong afternoon session. The resources sector registered the best gains, as buying related to a weak Australian dollar drove

Profit-taking surfaced in the afternoon session with selling generally across the board, but the All Ordinaries index closed 6.5 points up at 1.542.4.

Leading currency-sensitive stocks were sold when the volatile Australian dollar climbed at one point to US\$0.7523 but selling stopped when it later fell below 0.75 cents.

SINGAPORE closed generally firmer on short-covering and bargain hunting in moderate trading after recent

Institutional buying pushed up several blue chips but most investors stayed on the side-lines awaiting a fresh lead from Wall Street.

The Straits Times industrial index climbed 12.68 points to close at 1.278.17. Rising stocks outnumbered falling ones by 157 to 35 but turnover contracted to 51.5m shares from Monday's 58.3m.

TAIWAN rose to its second consecutive all-time high with attention concentrated on the financial sector. The weighted index climbed 150.48 to 9.846.15.

ne best

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MAY 29 1989					FRIDAY MAY 26 1988			DOLLAR INDEX ,			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yleid	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (88)	133.32	+0.5	124.39	116.82	+0.5	4.87	132.70	123.81	116.28	157.12	128.28	140.60
Austria (19)	118.81	+0.3	110.85	121.38	÷ 0.3	2.13	118.44	110.51	121.00	124.16	92.84	87.79
Belgium (63)	130.14	+ 0.0	121.42	132.38	+0.0	4.14	130.20	121.48	132.45	137.10	126.33	120.18
Canada (125)	136.67	+ 0.0	127.52	119.25	+0.0	3.32	136.66	127.51	119.24	138.05	124.67	116.18
Denmark (38)	173.07	+ 0.9	161.48	181.13	÷ 0.9	1.86	171.57	160.08	179.56	181.03	165.35	127.71
Finland (26)	144.49	+ 0.3	134.81	133.18	+0.3	1.57	144.06	134.41	132.78	159.16	125.81	133.86
France (128)	117.08	+ 0.1	109.22	123.67	+0.1	3.07	116.99	109.16	123.60	122.79	112.57	93.58
West Germany (100)	82.13	+0.5	76.63	84.93	+0.5	2.39	81.69	76.22	84,47	90.40	79.56	75.00
Hong Kong (49)	119,44	+2.7	111.44	119.29	+2.7	4.52	116.31	108.52	116.17	140.33	111.80	98.94
Ireland (17)	138.17	+0.0	128.92	144.80	+0.0	2.91	138.22	128.97	1 <u>44.88</u>	151.36	125.00	133.28
Italy (97)	76.92	+0.9	71.76	82.54	+0.9	2.58	76.19	71.09	81.77	86.88	74.97	68.83
Japan (455)	180.99	+0.2	168.87	161.77	+ 6.2	0.47	180.66	168.58	161.47	200.11	177.72	166.17
Malaysia (36)	179.06	+ 0.8	167.07	185.48	+ 0.8	2.57	177.61	165.71	183.97	184.26	143.35	136.11
Mexico (13)	224.69	+27	209.65	605.69	+2.7	0.83	218.83	204.18	589.89	224.69	153.32	152.18
Netherland (42)	115.36	+0.7	107.64	117.94	+0.7	4.37	114.62	106.94	117.18	122.22	110.63	102.58
New Zealand (24)	65.69	-0.4	61.30	58.59	-0.4	6.29	65.97	81.56	58.84	7 6 .02	65. 69	80.68
Norway (26)	181.75	+0.1	169.58	175.46	+0.1	1.51	181.51	169.35	175.23	198.39	139.92	120.22
Singapore (26)	157.13	+0.0	146.61	141.38	+0.0	1.91	157.17	146.65	141.42	160.35	124.57	112.57
South Africa (60)	131.14	- 1.3	122.36	119.19	- 1.3	4.43	132.84	123.94	120,73	144,86	115.35	129.96
Spain (43)	149.98	+0.5	139.93	141.17	+0.5	3.54	149.23	139.24	140.47	156.17	143.14	150,52
Sweden (35)	160.23	+ 0.6	149.50	158.09	+0.6	2.17	159.31	148.64	157.19	162.00	138.45	124.08
Switzerland (57)	69.52	+0.1	64.87	74.82	÷0.1	251	69.45	64,80	74.74	79.76	67.81	76.30
United Kingdom (314)	141.35	+ 0.0	131.88	131.88	+0.0	4.36	141.35	131.88	131,88	153,33	134.53	137,75
USA (558)	131.09	+0.0	122.31	131.09	+0.0	3.41	131.09	122.31	131.09	131.21	112.13	103.36
Europe (1005)	115.14	+02	107,43	113.65	+0.2	3.58	114.87	107.18	113.38	121.70	112.65	107.30
Nordic (125)	152.31	+0.6	142.11	147.27	+0.6	1.94	151.40	141.26	146.40	155.61	137,95	116.62
Pacific Basin (678)	176.61	+0.2	164.79	158,15	+0.2	0.70	176.20	164.40	157.78	194.72	173.87	162.54
Euro - Pacific (1683)	152.05	+0.2	141.86	140.40	+0.2	1.59	151.69	141.53	140.07	164.22	149.40	140.46
North America (683)	131.33	+0.0	122.54	130,35	+0.0	3.41	131.33	122.54	130.35	131.50	112.79	104.04
Europe Ex. UK (691)	98.81	+0.4	92.19	102.36	+0.4	2.95	98.39	91.80	101.93	105.29	96,30	88.45
Pacific Ex. Japan (223)	124.08	÷ 1.1	115.77	112.86	+ 1.1	4.53	122.73	114.51	111.63	137.65	122.73	118.82
	151.35	+0.2	141.21	139.66	+0.2	1.66	151.02	140.91	139.36	162.77	148.80	139.53
World Ex. US (1881)		+0.2	133.69	137.21	+0.2	2.04	143.05	133.47	136.99	146.04	138.06	124.39
World Ex. UK (2125)	143.28	+0.2	133.58	136.82	+0.2	2.23	142.95	133.47	138.61	146.65	138.82	125.54
World Ex. So. At. (2379)	143.17			123.81	+0.1					126.02	114.51	
World Ex. Japan (1984)	125.09	+0.1	116.72	123.01	TU.1	3.52	124.95	116.58	123.66	120.02	114.31	106.09
The World Index (2439)	143.09	+0.1	133.51	136.70	+0.1	2.24	142.89	133.32	136,50	146.51	138.83	125.57

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Amendments to indices for May 29 applied to Norway and the related regional indices.

☐ 7-12 Aug 1989 7th World Congress in Sport Psychology 20-23 Aug 1989

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CONFERENCES 1989

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EXHIBITIONS 1989/1990

☐ 26-29 Sept 1989 WoodmacAsia '89 - 4th Asian International Forestry, Woodworking & Furniture

Supplies Show & Conference 26-29 Sept 1989 MachineAsia 89 - 8th Asian International Industrial Fair.

With AIM '89 Conference ☐ 14-16 Nov 1989 The 4th Asean Council on Petroleum Conference &

Exhibition (ASCOPE '89)

☐ 14-16 Nov 1989 Equinex 89 ☐ 6-10 Dec 1989

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Airshow & Conference .

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